40th Board Meeting

Resource mobilization and replenishment

GF/B40/17
14-15 November 2018, Geneva

Board Information

Purpose of the paper: This paper provides an update on resource mobilization, ongoing preparations for the 6th Replenishment 2020-2022, including the risk management framework and the development of the Investment Case.
Executive Summary

Context

This document provides an update on resource mobilization for the current replenishment period, in line with the Action Plan for ongoing resource mobilization throughout the replenishment cycle (GF/B37/28). It also presents a framework to guide preparations for the 6th Replenishment over 2018-19, in response to the Board’s request to the Executive Director (GF/B38/DP07) and taking into account the AFC and partners’ inputs.

Questions this paper addresses

A. What is our overall strategy towards mobilizing resources?
B. What progress have we made on resource mobilization since the Fifth Replenishment?
C. What are our priorities in the lead up to the 6th Replenishment Pledging Conference in 2019?
D. What are the key risks we face and how are we managing them?

Conclusions

A. The Global Fund’s overarching objective of ending the epidemics shapes our overall strategy towards resource mobilization. To achieve Sustainable Development Goal (SDG) 3, our framework for resource mobilization extends beyond the Global Fund’s replenishment for 2020-22 to encompass catalyzing domestic resource mobilization and the deployment of other donor funds and private sector resources towards our mission.

B. Since the 5th Replenishment in September 2016, the Secretariat’s resource mobilization efforts have focused on maximizing the value of pledges and ensuring full conversion into contributions; incorporating the insights and recommendations from the OIG’s 2017 Advisory Report on the Global Fund’s fundraising activities; and implementing the Action Plan for Ongoing Resource Mobilization as presented to the Board in May 2017. President Macron’s announcement that France will host the Replenishment Conference in 2019, during its G7 presidency, and the announcement of India’s hosting of the Preparatory Meeting are critical milestones in the preparations for the Replenishment.

C. The primary focus for 2018-2019 is to maximize the success of the 6th Replenishment Pledging Conference, since the pledges secured at this conference will represent the bulk of our funding for 2020-22 allocations. This entails:
   i. Executing a comprehensive 6th Replenishment campaign anchored around the Replenishment Conference hosted by France in October 2019 and a Preparatory Meeting hosted by India in February 2019
   ii. Developing a compelling narrative and Investment Case with partners that places the case for Global Fund replenishment within the broader context of SDG3 and UHC
   iii. Conducting a dynamic, creative and robust replenishment communications campaign that fits with key thematic priorities, and is supported by differentiated communications strategies across donor markets from now to Q3 2019
   iv. Strengthening outreach to new/returning public donors to ensure they have the materials and arguments needed to justify new and increased funding
   v. Expanding engagement with emerging economies, including implementing countries, to encourage their co-investment with and financing to the Global Fund
   vi. Leveraging platforms for private sector engagement, including (RED) and others
vii. Demonstrating the catalytic effect on domestic resource mobilization through implementing country commitments and counterpart financing.

D. The most significant risks are factors that might weaken support from major donors, such as shifts in sentiment towards development assistance for health, or greater emphasis on bilateral rather than multilateral programs. Other risks include failure to demonstrate a compelling return on investment and inadequate resourcing of the resource mobilization effort. The Secretariat is actively managing these risks, and regularly reports on existing and planned mitigations and assurances through the Organizational Risk Register (ORR).

**Input Sought**

The Board’s input and support on the strategic direction for the 6th Replenishment is sought, and the Board is particularly requested to enhance and strengthen advocacy with key donor constituencies and outreach with supportive stakeholders to create an enabling environment for Replenishment.

**Input Received**

The Audit and Finance Committee provided inputs on the proposed activities and resourcing levels for the Resource Mobilization Action Plan 2018-19 presented by the Secretariat during its 7th meeting, highlighting the need for a robust risk management framework, adequate resourcing levels and a solid investment case to ensure a successful 6th replenishment.
Background and purpose

1. The purpose of this Paper is to:
   i. Take stock of our progress in converting pledges for the current period and in enhancing our policy framework and capacity for resource mobilization, including in response to Office of the Inspector General’s (OIG) Advisory Report on the Global Fund’s fundraising activities;
   ii. Set out our overall Framework for Resource Mobilization 2018-19, including our progress and near-term priorities in the lead up to the 6th replenishment; and
   iii. Review the risks we face and measures we have in place to mitigate them.

What is our overall strategy towards mobilizing resources?

2. The Global Fund’s overarching objective of ending the epidemics of HIV, TB and malaria by 2030 shapes our overall strategy towards resource mobilization. To achieve this SDG3 goal, our framework for resource mobilization extends beyond fundraising for the Global Fund itself to encompass catalyzing domestic resource mobilization and the deployment of other donor funds and private sector resources towards our mission. Moreover, there are critical interdependencies between our success in fundraising for the Global Fund and our success in getting others to commit resources. The more we can demonstrate our effectiveness as a catalyst for domestic resource mobilization, or our ability to crowd in the private sector and engage other development partners, the more compelling the investment case for supporting the Global Fund. Conversely, the more resources the Global Fund has, the more it has the capacity to play such a catalytic role, creating incentives for others to commit resources to ending the three epidemics and to health more broadly.

3. Our activities around advocacy for domestic resource mobilization, transition planning, co-financing requirements, and co-investment with bilateral donors, partnerships with multilateral development banks and much of our innovative financing efforts should be seen as important components of the broader resource mobilization framework. They do not necessarily result in more funds flowing to the Global Fund’s grant portfolio, but they mobilize more money to fight the three epidemics and to health more broadly.

What progress have we made since the Fifth Replenishment?

4. Pledge conversion. As of end September 2018, the Secretariat has negotiated the shift of 37 out of a total of 38 contribution agreements with public donors from tripartite to bilateral in the current period. Of these, 32 bilateral and 1 tripartite contribution agreements have been signed. The Secretariat is following-up on an ongoing basis on the remaining agreements. Total contributions to be received are expected to reach 101% of the initial forecasted contributions.

5. Additional pledges. The Secretariat is continuing to pursue opportunities for additional pledges for 2018-19, including: countries that did not pledge for the 2017-19 period, pledged annually or only for 2017-18; monitoring of budgetary processes to identify other opportunities; and continued efforts to mobilize private sector contributions. However, given where we are in the replenishment cycle, conversations with donors will begin to shift over the coming months towards potential pledges for the next replenishment period.

6. Governance role for additional donors. To deepen the Global Fund’s engagement with other public donors currently not represented in the governance structure, the Board created in November 2017 a new non-voting Board seat for public donors pledging US$10 million or more over three years. At the 39th Board Meeting in May 2018, the Republic of Korea (ROK) became the first country to occupy the seat, and Qatar has since joined the constituency. At the same meeting, the Donor Voting Group presented its revised framework for the allocation of voting public donor
seats, clarifying the conditions under which a donor participating in the non-voting donor constituency may join a voting public donor constituency.

7. **Private sector engagement.** In May 2017, the Board approved amendments to the Policy on Restricted Financial Contributions with the aim of simplifying and facilitating its implementation over the 2017-19 allocation period. In early 2018, the Secretariat also revised our strategy for engaging with High Net Worth Individuals (HNWIs) towards greater focus on platforms for ‘Strategic Philanthropy’ to offer more attractive engagement options and to mobilize increased contributions beyond financial resources. We have also reviewed our Private Sector Engagement Framework, with the inputs and endorsement of the Ethics in Governance Committee (EGC), to further enhance our process for managing and screening potential partnerships, which includes ethics, conflict of interest, and risk management considerations and broadly aligns with the relevant provisions of WHO’s Framework for the Engagement of Non-State Actors (FENSA).¹

8. **Innovative financing.** We have undertaken a review of the innovative financing landscape and options to develop, in consultation with the AFC and partners, to arrive at a more tightly defined vision and approach.² Over 2018-19, the Global Fund will be working towards building the partnerships and putting in place the operational policies and processes to enable us to accelerate and scale up the deployment of selected innovative finance mechanisms, including opportunities already in the pipeline.

9. **Resourcing.** Recognizing the 6th replenishment as a key strategic priority, we have also increased resourcing for the resource mobilization function within the Secretariat in line with the costing of the Framework for Resource Mobilization 2018-19 presented to the AFC in July 2018.

**What are our near-term priorities in the lead up to the 6th Replenishment Pledging Conference in 2019?**

10. Replenishment-related workstreams are on track and progressing as planned, as shown below:

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¹ Private Sector Engagement: Framework and Conclusions, GF/B40/03.
² Innovative Finance: a Structured Approach, GF/B40/18.
11. **Political leadership and hosting.** From end-2017 through September 2018, the Secretariat focused on securing strong political leadership for the 6th Replenishment. President Macron’s announcement in May 2018 that France will host the 6th Replenishment Conference in October 2019 in Lyon, during its G7 presidency, marked the critical first step. The timing of the announcement, far earlier in the process than ever before, is a powerful demonstration of France’s commitment to the Global Fund, and gives us an unprecedented opportunity to plan our strategy, build momentum and implement an ambitious and wide-ranging mobilization campaign.

12. The early announcement also meant that France could be engaged, alongside other partners, to secure India as the host for the Preparatory Meeting. Following the announcement of India’s hosting in September 2018, planning for this key milestone, which will take place over 7 to 8 February 2019, is now in full swing. As this will be the first time that a replenishment milestone is hosted by an implementing country, optional site visits are envisaged as part of the program (6 to 7 February) to highlight the important work of implementing partners and facilitate direct contact between donors and partners with the individuals and communities benefitting from their support.

13. In addition, the Global Fund is working closely with the host Governments and partners to secure strong political championship of the replenishment by President Macron and Prime Minister Modi in order to mobilize other G7 and G20 leaders to support the Global Fund. The Private Sector panel and Global Fund Results Report launch event in Paris of 12 September 2018, signaled strong support from President Macron, who agreed to put the event under his patronage. He then followed this up by mentioning global health and the Global Fund Replenishment as key priorities for France and calling other leaders to support, most notably during his speech at the 73rd United Nations General Assembly.

14. **Civil Society advocacy.** The success of our replenishment has a direct link with the support of the vibrant, active and robust civil society community that supports our mission and resource mobilization efforts around the world. Our approach vis-à-vis our advocacy partners is often summarized as an ‘aligned not alike’ approach, where we engage to strategically align on approaches and messages for resource mobilization while recognizing that advocacy partners will adopt different strategies and tactics based on the political, economic and social contexts of their respective countries and organizations.

15. This approach requires regular, ongoing dialogue with advocacy partners throughout the replenishment cycle. Several global strategy meetings convened by our advocacy partners have been held over end-2017 to early 2018 to kick off advocacy strategy development for the 6th Replenishment. The Global Fund has been invited to these discussions in order to provide updates on the Secretariat’s thinking and progress, but also to gather partner inputs to inform our own strategy. At the International AIDS Conference in Amsterdam, GFAN launched its ‘Get Back on Track to End the Epidemics’ Report, calling for significant increase in international funding to meet the 2030 SDG targets of ending HIV, tuberculosis and malaria. The next cycle of strategy meetings of advocacy partners is planned in March 2019, facilitating the mobilization of advocacy partners around the Investment Case.

16. The aligned global strategies inform donor country advocacy work. In key donor markets, the support of advocacy partners such as the Friends Organizations and members of the GFAN network is critical in helping the Global Fund gain visibility and access to high-level decision makers. They support our efforts to sensitize key stakeholders and to raise public awareness by organizing events, launching communications and media campaigns and generally facilitating the Global Fund’s outreach.

17. **Political advocacy and champions.** Implementing countries play a key role in our replenishment advocacy strategy. Messages of support to the Global Fund from implementing governments have a crucial impact on donors as they come from key stakeholders at the forefront
of the fight against the three diseases. It is critical that implementing countries not only continue to communicate and showcase their work, highlighting the life-saving measures that are being put in place through programs and delivery systems, but also to demonstrate increased domestic commitments. The Secretariat works to secure ongoing support from many African Heads of State, Ministers of Health and Finance as well as MPs to act as champions for the Global Fund.

18. A key enabling factor for this component of political advocacy is the Global Fund’s strong partnership with the African Union (AU), the Regional Economic Communities (RECs) in Africa, international and regional parliamentary networks such as the Inter-Parliamentary Union, the Global TB Caucus and others. These offer political advocacy platforms through which the Global Fund can reach out to and gather support from political champions, including through declarations and calls to action focusing on the international community and the key donors of the Global Fund. For instance, in the margins of the AU Summit in February 2019, President Kagame of Rwanda, the outgoing Chair of the AU, is convening a Joint Africa Meeting on health financing. The main objective is to facilitate an African led, hosted and championed initiative to demonstrate commitment to building an enduring quality health system as outlined in the Africa Health Strategy 2016-2030. It will also feature major multilateral health financing institutions - The Global Fund, Gavi and the African Development Bank, along with private sector platform ‘Africans for Africa’ - in advance of the respective upcoming replenishments.

19. **Investment Case.** Work on the Investment Case has been ongoing since early 2018, with strong engagement and collaboration of our technical partners - WHO, UNAIDS, Stop TB and Roll Back Malaria – who have been providing data and guidance on the modeling work as part of the Modelling Guidance Group. The overall approach, tools and methods for the Investment Case were endorsed by these partners at the Partners Meeting in May 2018.

20. The 6th Replenishment Investment Case will be aligned with the SDGs and the Universal Health Coverage agenda, as well as the underlying disease global plans. The application of disease transmission models to estimate the impact of the projected level of resources over the Replenishment period is currently underway, with support from the same institutions that have worked with the technical partners to develop the global plans (i.e. Avenir Health GOALS HIV, TIME TB, Imperial College Malaria tools). This takes into account a projection of domestic financing which is based on current country commitments and assumes an ambitious implementation of the Global Fund’s co-financing policy. In addition, the investment case will include an assessment of the economic gains of investments into the three diseases as well as an estimate of the cost of inaction.

21. The Investment Case will be shared with stakeholders in the weeks prior its launch at the Preparatory Meeting, along with the related campaign materials that the Board, civil society and other partners can adapt and amplify in the lead up to the Pledging Conference.

22. **Communications campaign.** We are now ramping up the development of the communications campaign for the replenishment to feature and to be amplified by the Global Fund partnership. The aim is to support the launch and roll-out of the Investment Case with a dynamic, creative and robust campaign that incorporates key thematic priorities and gives visibility to people that have been driving and benefitting from the result and impact achieved. Differentiated messaging and media strategies across donor markets from now until the Pledging Conference will also be deployed. Previews of the campaign may already be featured at upcoming global platforms such as Global Citizen’s Mandela 100 Festival in December 2018 and the World Economic Forum in January 2019.

23. **Global events and platforms.** In 2018, the Global Fund has participated in major international platforms including the First World Malaria Congress, AIDS2018, the High-Level Meeting on TB, the World Health Summit, the Lung Conference and Global TB Caucus Summit, to ensure sustained visibility and profile of the Global Fund partnership. By showcasing our results and previewing...
some of the key messages of our replenishment narrative, we have been gradually setting the stage for the 6th Replenishment. Following the launch of the Investment Case, we expect to have even more evidence and stronger arguments to highlight at events and platforms to inspire and create strong momentum in the lead up to the Pledging Conference. From the World Economic Forum in January through the High-Level Meeting on Universal Health Coverage (UHC) in September 2019, we will build on our case for replenishment by further positioning our work in the SDG and UHC context, showing convincing progress against our Strategy targets, and responding in a more targeted manner to donor and implementer country priorities.

24. **Donor engagement.** In order to lay the foundation for the 6th Replenishment and beyond, we continue our efforts, in collaboration with advocacy partners and political champions, to ensure sustained support from major donor countries against the backdrop of a number of significant political transitions and uncertainties. Given the relative scale of contributions, the major donor countries remain the key priority, representing both the principal potential upside in terms of increased financial contributions, and the most significant potential downside, should their commitments to the Global Fund diminish. We have also been engaging more pro-actively with new/returning OECD-DAC donors with the aim of securing new/increased pledges for the 2020-22 period. Furthermore, we have increased dialogue and engagement with emerging economies, such as China with a near-term primary focus on scaling up Chinese co-investment and Argentina in the context of its G20 Presidency.

25. Although private sector donors do not typically follow the 3-year replenishment cycle, engagement with the private sector remains a key priority, both as an additional source of funding and to leverage the skills, infrastructure and voice of corporates in delivering the mission. Beyond financial resources, private sector partnerships offer additional non-financial returns in visibility, advocacy and innovation. More generally, increasing the role and contribution from the private sector enhances the Global Fund’s distinctive positioning as a public-private partnership, and therefore reinforces the value proposition to the Global Fund’s public donors, many of which put significant value on this aspect of the Global Fund’s model. The diversity and impact of our private sector partnerships will be highlighted as part of the overall replenishment narrative, with the help of our private sector champions.

**What are the key risks we face and how are we managing them?**

26. The replenishment / future funding risks and examples of mitigating measures monitored as part of the Organizational Risk Register (ORR) include:

- negative sentiment towards GF due to national politics or international priorities, fatigue with 3 diseases, reprioritization of health versus other SDGs, reductions in ODA as a result of budgetary pressure or negative domestic politics
- competition for resources & perceived lack of coordination among institutions
- tension between bilateral and multilateral ODA
- perceived underperformance against Strategy targets
- inefficiency of GF model
- de-prioritization or lack of responsiveness to issues of concern/priority to donors (for e.g. RSHt, gender equality, geographic focus areas, etc.)
- mismanagement or misuse of funds in Global Fund supported programs
- reliance on narrow funding base
- under investment in resource mobilization
- strengthening communications on results, impact; mobilizing partner voices to advocate for GF
- emphasis on demonstrating partner coordination including joint efforts to showcase collaboration and efficiency across organizations, especially in-country and in relation to respective replenishments; inputs to SDG3 Action Plan
- focus on mobilizing funds, beyond traditional CDA, including catalyzing additional funding for health and disease programs by advocating for increased domestic resources and through innovative financing mechanisms
- review of the risk management and due diligence process with relation to private sector partners
27. The most significant risks are factors that might weaken support from major donors, such as shifts in sentiment towards development assistance for health, or greater emphasis on bilateral rather than multilateral programs. Other risks include failure to demonstrate a compelling return on investment and inadequate resourcing of the resource mobilization effort.

28. The Secretariat has put in place measures to mitigate and address these risks, as far as they are in our control, both within the resource mobilization function and in other parts of the Secretariat. Managing and responding to the risks we face with relation to replenishment require strong commitment to delivering results and impact; understanding of the political and financing landscape; efforts to diversify and expand the donor base; developing a strong investment case and communications; and demonstrating strong collaboration with our partners and other global health actors at the global and country levels. As a recognized corporate priority, the allocation of increased resources in the context of 2019 opex should also better position the Global Fund for success.

29. Going forward, the risk level is expected to increase as the time for controls and course correction following risk events decreases in the lead up to the Pledging Conference of October 2019, but the Secretariat is working to mitigate this through positive, pro-active communications as well as by securing early pledge announcements. The Board also has an important role to play in risk mitigation through the amplification of key replenishment messages, flagging issues requiring increased focus from the Secretariat during the replenishment campaign and sharing intelligence and early warning where possible ahead of major political shifts or other risk events that may impact the replenishment.

What are the next steps for the Board?

30. As with previous replenishments, we will draw on the strength and engagement of the Global Fund partnership to drive and energize the replenishment campaign. The Board Leadership and Members, the Executive Director and other senior staff will play key advocacy roles and act as brand ambassadors for the Global Fund. Throughout the replenishment campaign, we will rely on Board Members to our mobilization effort, by amplifying the Investment Case and key messages both within their own constituencies and beyond, sharing information on donor trends and policies that may affect replenishment outcomes, and supporting efforts to mitigate risks, as noted above.

31. At the 41st Board Meeting in May 2019, we will review the outcomes of the Preparatory Meeting and update the Board on our June to October 2019 plans.

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3 Risk Management Report, GF/B40/16.
Annexes

Annex 1 – Summary of Committee Input

- **8th Audit and Finance Committee, October 2018:** The AFC welcomed the Secretariat’s update on resource mobilization and preparations for the 6th Replenishment, noting that a robust risk management framework, adequate resourcing levels and a solid investment case are needed to ensure a successful 6th replenishment. The AFC also invited the Secretariat to report back on the impact of recently adopted or amended resource mobilization-related policies and/or to flag any further policy needs.

- **7th Audit and Finance Committee, July 2018:** In response to the Secretariat’s presentation of the Framework for Resource Mobilization 2018-19, the AFC noted that its decision on OPEX budget in October 2017 should not preclude the Global Fund from resourcing key strategic priorities, including the resource mobilization function. The AFC also noted that it will rely on the EGC to advance the conversation on (i) due diligence with relation to private sector partnerships and (ii) board structure to include additional donors with voting rights. The AFC further requested an overview of the risk framework with relation to the replenishment and clarification on process / adjustments to additional sources of funds to be allocated in the current cycle when this is presented to AFC in October.

- **6th Audit and Finance Committee, March 2018:** In response to the Secretariat’s update on the implementation of the Action Plan for ongoing Resource Mobilization, the AFC emphasized the importance of developing a Framework for Resource Mobilization for the 6th Replenishment, including an analysis of ROI and risk.

Annex 2 – Relevant Past Decisions

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<th>Relevant past Decision Point</th>
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<td>GF/B36/DP03: Continuing Resource Mobilization Efforts Throughout the Replenishment Cycle (November 2016)⁵</td>
<td>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.</td>
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⁴ https://www.theglobalfund.org/board-decisions/b38-dp07/  
⁵ http://www.theglobalfund.org/Knowledge/Decisions/GF/B36/DP03/
Annex 3 – Relevant Past Documents & Reference Materials

- **GF/B38/19.** Update on resource mobilization and the Global Fund’s 6th Replenishment. Geneva, 14-15 November 2017
- **Pledges at the Global Fund’s Fifth Replenishment.** Montreal, September 2016.