
Update on resource mobilization

44th Board Meeting

GF/B44/17

11-12 November 2020, Virtual

Board information

Purpose of the paper: To provide an update on Sixth Replenishment pledge conversion and ongoing resource mobilization efforts.

Document Classification: Internal

Document Circulation: Board Members, Alternate Board Members, Constituency Focal Points and Committee Members.

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Executive summary

Context

The prolonged COVID-19 crisis is presenting unprecedented challenges to the Global Fund's traditional resource mobilization approach and increasing the level of risk related to pledge conversion, while providing renewed impetus to the partnership's ongoing resource mobilization and donor engagement efforts. New virtual engagement opportunities have emerged, and new actors and partners are enriching the partnership landscape, creating further opportunities for collaboration, resource mobilization and advocacy. This paper describes progress in converting Sixth Replenishment pledges and how the Global Fund is adapting its resource mobilization approach in the fast-evolving COVID-19 context.

Questions this paper addresses

- A. What is the status of Sixth Replenishment pledge conversion and ongoing resource mobilization efforts?
- B. How is the Global Fund evolving its resource mobilization approach in the context of the COVID-19 pandemic and what are the near-term priorities?

Conclusions

- A. Progress in the conversion of Sixth Replenishment pledges remains on track and in line with previous replenishments. While payment delays or defaults as a result of the COVID-19 crisis cannot be excluded, controls and mitigations on pledge conversion have been tightened and additional measures have been put in place as part of the Secretariat's contingency plan.

Thanks to several new recently announced commitments, the Audit and Finance Committee (AFC) approved additional sources of funds in August 2020, allowing the Global Fund to sustain its support to countries through the COVID-19 response mechanism (C19RM) beyond the initial USD 500 million envelope.

- B. In the next few months, resource mobilization and advocacy efforts will focus on:
 - (a) Mobilizing support and leveraging global platforms to raise increased awareness on the need for a significant step change in funding for the global COVID-19 response;
 - (b) Engaging with partners on a joint Access to COVID-19 Tools Accelerator (ACT-A) advocacy campaign to mobilize high-level political leadership and a step change in financing;
 - (c) Continuing to demonstrate the Global Fund's pivotal role in supporting the COVID-19 response in low and lower middle-income countries given our established mechanisms for investment and delivery and achievements to date through grant flexibilities and C19RM;
 - (d) Continuing to mobilize private sector leadership, advocacy and resources in support of the extraordinary global efforts required to fight COVID-19.

Input sought

This paper provides the Secretariat's regular update to the Board on resource mobilization matters.

Input received

During its 42nd meeting in November 2019, the Board commended the partnership for the successful and record-breaking replenishment and ongoing resource mobilization efforts.

During its 43rd meeting in May 2020, the Board noted that resource mobilization should not only focus on the amount of contributions to be secured, but also on harnessing the efficacy and efficiency of how resources are used to maximize impact. In discussions on COVID-19 and the Global Fund's role in global health security, the Board noted, inter alia, that:

1. Pledge conversion was on track and additional funds could be made available for C19RM;
2. The pandemic represents an opportunity to strengthen the global health architecture and streamline the approach to global health security;
3. In light of the economic impact of COVID-19, the Global Fund should consider effects on eligibility, resource mobilization, country transition and program sustainability;
4. Given its experience in ensuring access to health commodities for low- and middle-income countries, the Global Fund must play a role in ensuring equitable access to new innovations to tackle COVID-19, as well as HIV, tuberculosis and malaria;
5. The Global Fund should ensure that all decisions taken on how to respond to COVID-19 and mitigate its impact on the diseases are inclusive, particularly of communities, civil society and key populations.

For its 14th session, the AFC requested an update on Sixth Replenishment pledge conversion and resource mobilization in the context of COVID-19. During the session, the AFC inquired about the Global Fund's role in ACT-A and the mitigation of COVID-19-related risks vis-à-vis pledge conversion.

Context

1. The prolonged COVID-19 crisis is presenting unprecedented challenges to the Global Fund's traditional resource mobilization approach, increasing the level of risk related to pledge conversion while also providing renewed impetus to the Global Fund's ongoing resource mobilization and donor engagement efforts.
2. In an already complex and volatile political and economic landscape, COVID-19's consequences on the global economy, including the economies of Global Fund donors and the resulting deep recession and budgetary constraints, could have medium- to long-term impact on the conversion of pledges and resource mobilization efforts. Travel and social distancing restrictions led to the cancellation or postponement of visits to donor capitals, joint missions to Global Fund-supported programs, and major advocacy events and political platforms.
3. The current COVID-19 context is shifting more attention towards global health issues and increasing the dynamism and collaboration among global health actors, including through ACT-A, a global collaboration platform to accelerate development, production and equitable access to COVID-19 tests, treatments and vaccines launched in April 2020. New virtual engagement opportunities and platforms have emerged, and new actors and partners are enriching the Global Fund's partnership landscape, creating further opportunities for collaboration, resource mobilization and advocacy.
4. This paper describes progress in converting Sixth Replenishment pledges and how the Global Fund is adapting its resource mobilization approach in light of a fast-evolving COVID-19 context.

Sixth Replenishment pledge conversion

5. Conversion of Sixth Replenishment pledges into contributions is a critical and ongoing priority for the Global Fund, and a pre-condition for continued operations and the achievement of organizational strategic targets.
6. We are on track to sign agreements with at least 84% (49 of 58) of public donors by the end of 2020. However, with the increase in the number of public donors from 37 to 58 between the Fifth and Sixth replenishments, including many implementing country donors (29 of the 58) and new/returning donors (21 of the 58) who are not yet familiar with Global Fund contribution agreements, slightly longer contribution agreement negotiation timelines are to be expected. COVID-19-related disruptions and competing priorities for implementing country public donors (for example, program implementation, concept note development and development of C19RM funding requests) are also having some impact on the level of engagement and speed of negotiations, especially during the first half of 2020.
7. As of the end of September, USD 5.6 billion (43% of total pledges) have been signed out of the USD 13.06 billion total announced pledges from public donors, with 31 out of 58 public donors (53%) having signed, for the most part, agreements with multi-year payment schedules. The Global Fund has also successfully transitioned all public donors from tripartite agreements involving the World Bank to bilateral agreements, a process which began during the Fourth Replenishment and which significantly enhances our ability to perform effective cash and foreign exchange management. Contribution agreement negotiations are advancing with the 27 remaining public donors: 14 agreements are currently under final review or signature process, and the rest are under consideration. 22 public donors have paid their 2020 contributions either in full (15) or in part (seven), with others expected to make payments in the coming months.

8. At the Sixth Replenishment Conference, the private sector secured eight new donors who pledged financial resources, for a total of 16, with an additional 11 partners providing in-kind contributions or co-financing opportunities. With COVID-19, the Global Fund could potentially expect longer contribution agreement finalization timelines and payment delays as well as slowed program implementation of non-financial pledges for some partners. However, the Global Fund remains on track to sign contribution agreements covering more than 85% of the amount of private sector pledges by the end of 2020. As of end September, signed contributions have reached USD 228 million.
9. Contributions of USD 1.28 billion from public donors and USD 1.38 billion overall have been secured in cash by end-September, in line with expectations for full pledge conversion. Therefore, Progress in converting Sixth Replenishment pledges remains on track and in line with previous replenishments.
10. While we cannot exclude payment delays or defaults as a result of the COVID-19 crisis, the Secretariat has tightened controls and mitigations on pledge conversion and put in place additional measures as part of its contingency plan.¹ The Secretariat continues to rely on the support and advocacy from Board and Committee members in ensuring timely pledge conversion, alongside the strong mobilization of advocacy partners, including civil society organizations, communities, members of parliament and champions.

Additional pledges and donor support mobilized

11. The Global Fund's recent resource mobilization efforts have been driven by the urgent need to protect investments and programmatic gains in the fight against HIV, tuberculosis and malaria from the impact of COVID-19 and the imperative to apply the Global Fund's expertise and experience in fighting pandemics, as well as our partnership model, in the service of the global COVID-19 response.
12. Since March 2020, the Secretariat has been in dialogue with existing and potential donors seeking additional support to supplement and sustain the Global Fund's initial emergency response to COVID-19 through the C19RM and grant flexibilities. As a founding partner of ACT-A and in line with the Global Fund's role as co-convenor of both its Diagnostics Partnership and Health Systems Connector, as well as the procurement lead of the Therapeutics Partnership, the organization is actively engaging with ACT-A partners to raise awareness on the importance of accelerating efforts and investing increased resources in the development and equitable deployment of COVID-19 tools.
13. These efforts have resulted in new pledges by Italy (EUR 500 thousand) at Coronavirus Global Response Pledging Conference, on 4 May, and by Canada (up to CAD 65 million)², Germany (EUR 150 million) and the FIFA Foundation (USD 1.5 million) at the Global Goal, Unite for our Future Summit, on 27 June. Thanks to additional pledges received, the AFC was able to approve additional sources of funds through the most recent asset liability management process in August 2020,³ the Global Fund has been able to sustain its support to countries through C19RM in August and September, beyond the initial USD 500 million envelope.

¹ More detail available in the Risk Management Report (GF/AFC14/04).

² Canada has indicated that a portion of its pledge announced for ACT-A on 27 June will be channeled through the Global Fund. Once finalized, Canada's additional pledge will be recognized and considered in future ALM for release through C19RM

³ Please refer to GF/AFC13/EDP01, Available sources of funds for the C19RM mechanism, August 2020.

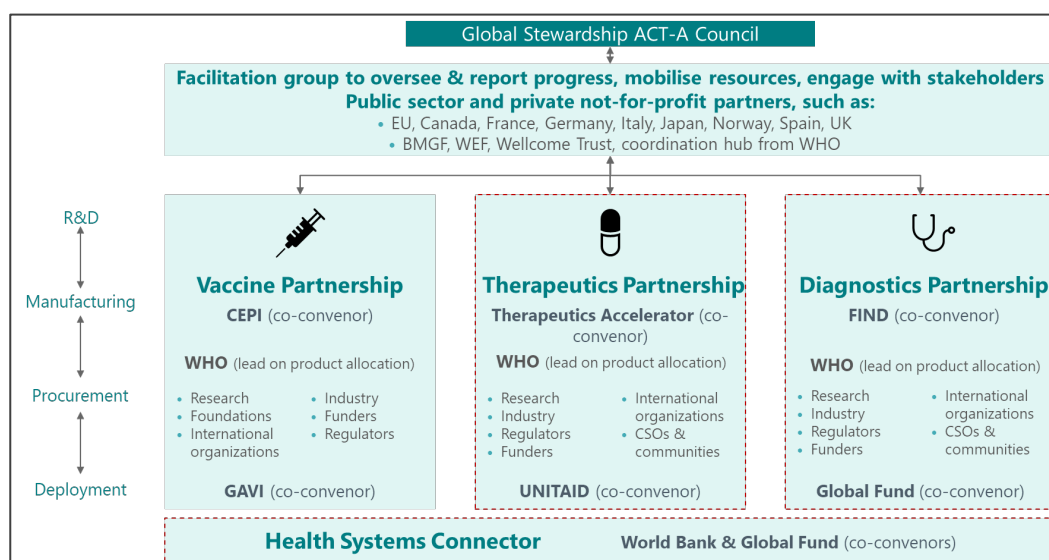


Figure 1. The Global Fund’s role in the ACT-A partnership

14. Several private sector partners have offered their expertise and in-kind support to the Global Fund’s COVID-19 response. For instance, Microsoft has provided Microsoft Teams licenses to help civil society organizations collaborate virtually with 600 users across 50 countries, while the Thomson Reuters Foundation is contributing legal support to affected civil society stakeholders. Other partners have offered pre-positioned supply chain capacity to support in-country distribution. Tools and capacities made available by several partners, including Google, Microsoft Project Last Mile and Zenysis, among others, are in the process of being matched with country needs.
15. Donor interest remains strong for the Global Fund’s COVID-19 response components: mitigating the pandemic’s impact on HIV, tuberculosis and malaria programs; urgently enhancing health systems; and, in line with the Global Fund’s role in ACT-A, procuring and rapidly deploying personal protective equipment (PPE) for health and community workers, oxygen for clinical care, and newly approved or developed COVID-19 diagnostics and therapeutics.

Resource mobilization outlook

16. Trillions are being allocated to address COVID-19’s economic and social impact in many high-income countries,⁴ but overall investments to address the disease itself have remained modest. There is a compelling case for further investments in three key areas to tackle COVID-19: (1) developing new tools and approaches to combat the virus everywhere; (2) supporting low-income and low middle-income countries to fight the pandemic and prevent the collapse of health systems and increased mortality from other diseases; and (3) preventing the total reversal of global progress in reducing extreme poverty and inequality.
17. Since the launch of ACT-A in April 2020, many governments, philanthropic organizations, companies and individuals have signaled their commitment and made financial pledges to end COVID-19. To date, these pledges have translated into USD 3.9 billion in financing for the Vaccines, Therapeutics and Diagnostics partnerships and Health Systems Connector of the ACT-A partnership, representing only 10% of the USD 38 billion needed according to the ACT-A Investment Case⁵.

⁴ Please refer to the IMF, CSIS G20 COVID-19 Fiscal Relief Tracker

⁵ Please refer to: <https://www.who.int/initiatives/act-accelerator>

18. As articulated in the Global Fund’s COVID-19 Urgent Mitigation Plan,⁶ for which needs estimates have been in part been derived from the projections presented in the ACT-A investment cases for the Diagnostics and Therapeutics partnerships and the Health Systems Connector, the Global Fund needs an additional USD 5 billion to continue to play its part in supporting implementing countries fight COVID-19 and mitigate its knock-on impact on HIV, tuberculosis and malaria programs through 30 June 2021. Without this funding, the Global Fund risks falling behind on its core mission and failing to deliver on 2017-2022 strategy targets, as health and community systems are overwhelmed, treatment and prevention programs are disrupted, and resources are diverted away from core programs.

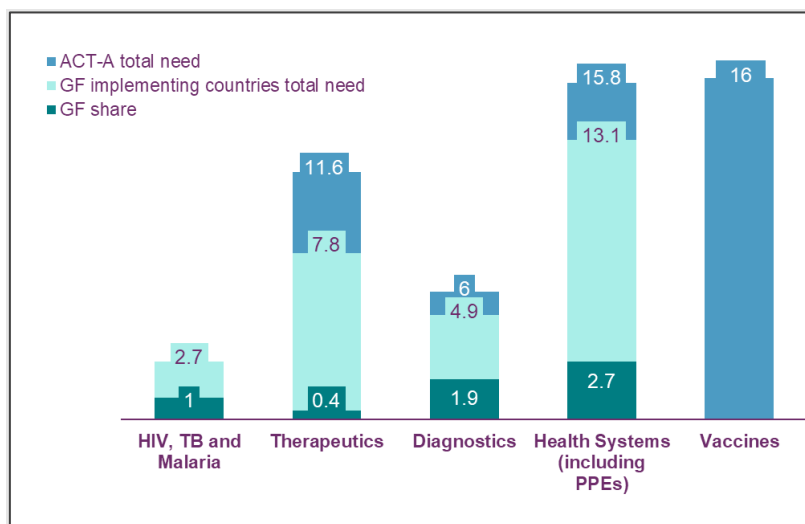


Figure 2. Inter-relation between needs estimates in the Global Fund’s COVID-19 Urgent Mitigation Plan and the ACT-A Partnership Investment Cases (amounts in US\$ billion)⁷

19. It is important to clarify that ACT-A serves as an umbrella for coordination of advocacy and resource mobilization efforts and the delivery of tools. Financial commitments are made towards organizations that constitute the partnership and implement its objectives, based on their areas of expertise and comparative advantage as well as the areas of interest and priorities of donors.

Next steps

20. Extending C19RM through April 2021 should help facilitate ongoing resource mobilization efforts to enable the Global Fund to provide uninterrupted, rapid deployment of any additional funds received to support implementing countries’ COVID-19 responses and protect Global Fund programs.⁸ However, a comprehensive and sustainable solution to COVID-19 is only possible if we can effect a major step change in financing that goes beyond the confines of traditional ODA allocations. Currently available development budgets cannot meet the needs of the COVID-19 response—either for the development of new diagnostics and therapies or for the swift and

⁶ Please refer to: [The COVID-19 Urgent Mitigation Report](#)

⁷ ACT-A therapeutics total estimated need is USD 11.6 billion, including community and domestic contributions. Out of this, the total ask of ACT-A is USD 7.2 billion. For more information, please refer to the ACT-A Therapeutics Investment Case: <https://unitaid.org/assets/Therapeutics-Partnership-Investment-Case.pdf>. ACT-A health systems total estimated need is USD15.8 billion. Out of this, the total ask of ACT-A is USD 9 billion.

⁸ Please refer to GF/B43/EDP12: Extension of C19RM Timeline and Operational Flexibility for COVID-19, September 2020.

equitable deployment of new and existing COVID-19 tools, and to shore up health systems to prevent further knock-on impacts on AIDS, tuberculosis and malaria programs.

21. In the next few months, the Secretariat's resource mobilization and advocacy efforts will focus on:

- a) Working with Global Fund champions, advocacy partners and others and leveraging global and regional platforms to raise increased awareness on the need for a significant step change in funding for the global COVID-19 response to avoid the potentially catastrophic impact on low and lower middle-income countries and the reversal of hard-won gains against other epidemics;
- b) Actively engaging with ACT-A partners, including by sharing lessons learned from our recent replenishment, to develop and implement a joint advocacy campaign for the entire partnership; mobilizing high-level political leadership; and further deploying communication and advocacy tools on the global COVID-19 response to ensure that due attention is given to all aspects of the response including diagnostics, therapeutics and the health systems that deliver them, even as we hope for the swift availability of a safe and effective vaccine;
- c) Continuing to demonstrate the Global Fund's pivotal role in supporting the COVID-19 response in low and lower middle-income countries, in procuring and delivering treatments, diagnostics and PPE; in mitigating the impact on HIV, tuberculosis and malaria; in shoring up health systems; and in engaging affected communities in the response, given the partnership's established mechanisms for investment and delivery, and what has already been achieved through grant flexibilities and C19RM;
- d) Continuing to mobilize private sector leadership and advocacy in support of the extraordinary global efforts required, including through financial and non-financial resources for ACT-A and the Global Fund.

22. While preparations for the next replenishment are expected to formally kick off in 2021, these efforts are an integral part of setting the stage for this process. Such actions demonstrate the Global Fund partnership's continued relevance in a rapidly evolving landscape; the effectiveness of its response and the value of its partnership approach; and, by protecting programs from the knock-on impact of COVID-19, the organization's unwavering commitment to achieving the SDG 3 targets of ending HIV, tuberculosis and malaria by 2030.

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Annex 1 – Summary of Board and Committee inputs

42nd Board Meeting, November 2019. The Board commended the partnership for the successful replenishment and ongoing resource mobilization efforts. The Board underlined the importance of a sustained focus on domestic resource mobilization (DRM), the need for strengthened collaboration between ministries of health and finance to identify synergies for cross-sectoral financing, and the critical role of civil society organizations in advocacy for DRM.

12th Audit and Finance Committee Meeting, March 2020. The AFC requested to be kept informed on pledge conversion risks, given the volatile and changed external environment associated with the emergence of the COVID-19 pandemic. Similarly, the Committee emphasized the importance of understanding the evolution of domestic resource mobilization, particularly in the context of COVID-19.

43rd Board Meeting, May 2020. The Board noted that resource mobilization should not only focus on the amount of contributions secured, but also on harnessing the efficacy and efficiency of how resources are used to maximize impact. In discussions on COVID-19 and the Global Fund's role in global health security, the Board noted, inter alia, that:

1. Pledge conversion was on track and additional funds could be made available for C19RM;
2. The pandemic represents an opportunity to strengthen the global health architecture and streamline the approach to global health security;
3. In light of the economic impact of COVID-19, the Global Fund should consider effects on eligibility, resource mobilization, country transition and program sustainability;
4. Given its experience in ensuring access to health commodities for low- and middle-income countries, the Global Fund must play a role in ensuring equitable access to new innovations to tackle COVID-19, as well as HIV, tuberculosis and malaria;
5. The Global Fund should ensure that all decisions taken on how to respond to COVID-19 and mitigate its impact on the diseases are inclusive, particularly of communities, civil society and key populations.

13th Audit and Finance Committee Meeting, July 2020. The AFC indicated that its upcoming discussions would focus on the impact of COVID-19 on the Global Fund's programs and resources, paying attention to the conversion of Sixth Replenishment pledges and resource mobilization efforts vis-à-vis the pandemic response. The AFC expressed interest in receiving an update on these issues at its next meeting.

14th Audit and Finance Committee Meeting, October 2020. During its 14th session in October 2020, the AFC inquired about the role of the Global Fund in ACT-A and the mitigation of COVID-19-related risks to pledge conversion.

Annex 2 – Relevant past Board decisions

Relevant past decision points	Summary and impact
<p>GF/B42/EDP11: Approval of COVID-19 Response Mechanism (April 2020)</p>	<p>The Board approved the creation of a temporary COVID-19 response mechanism (C19RM) to provide additional support for country responses to the pandemic and to ensure the continuity of the fight against HIV, tuberculosis, and malaria with initial funding of up to USD 500 million. The Board decided that:</p> <ul style="list-style-type: none"> (i) C19RM is a Board-approved initiative for which the Global Fund may mobilize additional resources from private and public donors, in accordance with existing policy; (ii) The Secretariat may approve requests for C19RM funds for an initial six-month period through 30 September 2020; and (iii) C19RM funds may be used through 30 June 2021. These dates could be extended by the Board, based on updated information on needs as the pandemic evolves. The Board also requested the Secretariat to further operationalize the investment and management modalities for C19RM.
<p>GF/B43/EDP12: Extension of C19RM timeline and operational flexibility for COVID-19 (September 2020)</p>	<p>Noting that COVID-19 continues to jeopardize country health systems and impede progress in the Global Fund's mission, and that additional funds may become available for C19RM, the Board:</p> <ul style="list-style-type: none"> (i) Approved that the Secretariat may approve requests for C19RM funds through 15 April 2021; (ii) Affirmed that all other previously approved principles under GF/B42/EDP11 will continue to apply to C19RM; (iii) Requested the Secretariat to return to the Board, through its committees as relevant, for additional consideration and approval should further extensions of C19RM be required as the pandemic continues to evolve, or if total additional funding for C19RM exceeds USD 500 million; and (iv) Approved that the operational flexibility under paragraph 3 of GF/B42/EDP10, delegating authority to the Secretariat to grant limited exceptions to the quality assurance policies to waive the requirement for pre-shipment sampling and testing for Expert Review Panel-approved products, vector control products, and condoms, where such testing

Relevant past decision points	Summary and impact
	may delay the delivery of products to countries, will apply through 15 April 2021.

Annex 3 – Relevant past documents and reference materials

1. Update on resource mobilization and replenishment presented for information in the context of the 42nd meeting of the Global Fund Board ([GF/B42/21](#))
2. Update on resource mobilization presented for information to the 12th AFC meeting ([GF/AFC12/07](#))