
Update on Resource Mobilization Matters

45th Board Meeting

GF/B45/19

11-12 May 2021, *Virtual*

Board Information

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

Executive Summary

Context

While the COVID-19 crisis continues to pose significant challenges to the Global Fund's traditional resource mobilization approach, a fast-paced and fluid environment is also presenting the partnership with opportunities to strategically position itself and embark on different fundraising and advocacy efforts. The protracted nature of the COVID-19 pandemic has accentuated the need for additional resources to safeguard decades of hard-won progress in the fight against AIDS, tuberculosis and malaria, and has provided the opportunity for new partnerships aimed at supporting key stakeholders on the ground, particularly to ensure access to life-saving commodities and the provision of critical health services. Despite risks in pledge conversion, which continue to be closely monitored by the Secretariat, there have not been any significant delays in payments. The Global Fund is actively engaged with donors and partners to ensure that commitments are honored in a timely manner and that new contributions are secured as part of the COVID-19 response. The Global Fund continues to work closely with donors, partners and international coalitions to ensure that the overall COVID-19 response protects global investments in AIDS, tuberculosis and malaria, and that diagnostics, therapeutics and other vital tools such as personal protective equipment (PPE) are properly funded and deployed. Furthermore, the Global Fund is reinforcing the distinctiveness of its contributions in support of the collective COVID-19 efforts while effectively delivering on its mandate.

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?
- C. How is the Global Fund positioning itself and preparing the ground for the Seventh Replenishment?

Conclusions

- A. **Pledge conversion for both public and private donors is on track** with signed contributions in order of USD 7.8 billion (57% of total adjusted pledges). Pledge conversion forecast for the Sixth replenishment indicates a slightly higher pledge quality (the ratio of adjusted pledge to announced pledge) compared to the already high pledge quality of the Fifth Replenishment (93% versus 91%). At this point in time, cash receipts amount to 29% of adjusted pledges. 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.
- B. In terms of additional pledges, **the Global Fund secured a total of USD 259 million from public donors for the COVID-19 response mechanism (C19RM) in 2020**. With this additional funding, the Global Fund has been able to sustain its support to countries through C19RM beyond the initial envelope of USD 500 million. Under the proposed extension of the response mechanism and in line with the Global Fund's role in ACT-A, the partnership's sustained resource mobilization efforts continue to be driven by the need for AIDS, tuberculosis and malaria program adaptations to protect progress on the three diseases as well as ensuring an effective response to the pandemic, with a particular focus on equitable access to diagnostics and therapeutics, strengthening of laboratories and protecting health workers with PPE. As of late March, the Global Fund has confirmed pledges from Germany, the Netherlands and the United States.

- C. **The Global Fund has kicked off the preparations for the Seventh Replenishment** with a number of important initiatives, including (i) a brand refresh exercise; (ii) the planned celebration of the partnership's 20th anniversary; (iii) increased support for the Global Fund's advocacy ecosystem; (iv) strengthening long term donor engagement strategies to ensure effective donor commitment in the lead up to the Seventh Replenishment; and (v) early preparatory work on the Seventh Replenishment's investment case and communications campaign.

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.

Input sought

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

Report

Context

1. While the COVID-19 crisis continues to pose significant challenges to the Global Fund's traditional resource mobilization approach, a fast-paced and fluid environment is also presenting the partnership with opportunities to strategically position itself and embark on different fundraising and advocacy efforts. The protracted nature of the COVID-19 pandemic has accentuated the need for additional resources to safeguard decades of hard-won progress in the fight against AIDS, tuberculosis and malaria, and has provided the opportunity for new partnerships aimed at supporting key stakeholders on the ground, particularly to ensure access to life-saving commodities and the provision of critical health services.
2. This need for increased funding comes in a context where severely impacted national economies, including those of Global Fund's donors, are at risk of potential recession and budgetary constraints that could pose medium- to long-term risks to pledge conversion. However, despite such risks, which continue to be closely monitored by the Secretariat, there have not been significant delays in payments. The Global Fund is actively engaged with donors and partners to ensure that commitments are honored in a timely manner and that new contributions are secured as part of the COVID-19 response. As the current circumstances do not allow for visits to donor capitals, joint missions focused on resource mobilization and advocacy, or major events and political platforms, the Secretariat has adapted to a variety of virtual modalities to maintain regular and substantial interactions with donors, partners, advocacy networks and communities.
3. In a context dominated by increased attention towards global health issues, a renewed dynamism and collaboration among global health actors, a richer partnership landscape, and new opportunities for resource mobilization and advocacy, the Global Fund is working closely with donors, partners and international coalitions to ensure that the overall COVID-19 response protects global investments on AIDS, tuberculosis and malaria, and that diagnostics therapeutics and other vital tools such as PPE are properly funded and deployed. In this complex milieu, where multiple organizations are actively contributing to the pandemic response, the Global Fund is reinforcing the distinctiveness of its contributions in support of the collective COVID-19 efforts while effectively delivering on its mandate.
4. This paper presents the status of Sixth Replenishment pledge conversions, explains how the Global Fund is adapting its resource mobilization approach in the fast-evolving COVID-19 context, and introduces some of the preparatory activities paving the way toward the Seventh Replenishment.

Sixth Replenishment pledge conversion

5. Conversion of Sixth Replenishment pledges into contributions is a key ongoing priority for the Global Fund and is a pre-condition for the continuation of its operations and the achievement of its strategic targets.
6. The Global Fund continues to make significant progress and has signed agreements with 67% (39 of 58) of public donors as of 31 December 2020. For the most part (30 of 39), donors have signed agreements with multi-year payment schedules. Contribution agreement negotiations are advancing with the 19 remaining public donors. However, with the increase in number of public donors from 37 to 58 between the fifth and sixth replenishments, including many implementing countries (29 of the 58) and new/returning donors (21 of the 58) who may not be familiar with Global Fund contribution agreements, contribution agreement negotiation timelines have been slightly longer than in previous replenishments. COVID-19-related disruptions and competing priorities for implementing country public donors impacted the level of engagement and speed of negotiations during 2020.

7. As at end 2020, over USD 7.8 billion (57% of total adjusted pledges) have been signed into contribution agreements for the Sixth Replenishment, in line with results of the Fifth Replenishment at the same point in the cycle. 34 public donors have paid their 2020 contributions in full, with two additional donors whose payments were moved to January 2021 for administrative reasons.
8. At the Sixth Replenishment Conference, the private sector secured eight new donors who pledged financial resources, for a total of 16, with additional 11 partners providing in-kind contributions or co-financing opportunities. At the end of 2020, signed contribution agreements were in place for 85% of private sector pledges. In terms of private sector contributions, cash conversion at the end of 2020 amounted to USD 366 million. Full conversion of adjusted pledges is on track.
9. As of end of 2020, contributions of USD 3.5 billion from public donors and USD 3.8 billion overall have been secured in cash, in line with expectations for full pledge conversion. Overall, progress in the conversion of Sixth Replenishment pledges is on track and in line with previous replenishments.
10. 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. As always, the Secretariat relies 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.

Status	Type of donor	Details
On track	Public	<ul style="list-style-type: none"> ▪ 39 of 58 donors (67%) signed agreements as of 31 December 2020 ▪ Longer negotiation timelines for new and returning donors (21 of 58)—becoming more familiar with the process ▪ 34 public donors have paid their contributions in full, with two additional donors with payments registered in January 2021
	Private	<ul style="list-style-type: none"> ▪ Eight new donors pledging financial resources, for a total of 16 (with 11 new partners providing in-kind contributions or co-financing opportunities) ▪ 85% of contribution agreements by value signed by end of 2020 ▪ As of 31 December 2020, signed contributions have reached USD 366 million

Signed contributions: USD 7.8 billion (57% of total adjusted pledges) as of 31 December 2020

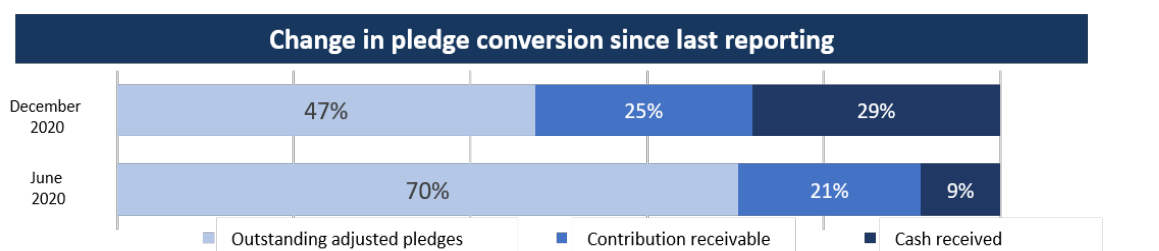


Figure 1. Status of Sixth Replenishment pledge conversion

Additional resources mobilized for the COVID-19 response

11. In March 2020, the Secretariat initiated a dialogue with existing and potential donors seeking additional support to supplement and sustain the Global Fund's emergency response through C19RM and grant flexibilities. Following the deployment of the resources available for the first phase of C19RM, the Board has approved a continuation of this effort, allowing the Global Fund to quickly make available incoming funding to continue an optimal and much necessary COVID-19 response.
12. Under the proposed extension of C19RM and in line with the Global Fund's role in ACT-A, the partnership's resource mobilization efforts continue to be driven by the need for AIDS, tuberculosis and malaria program adaptations to protect progress and respond effectively to the pandemic, with a particular focus on diagnostics and therapeutics, the strengthening of laboratories, and the protection of health workers through the timely placement of PPE on the ground. Effectively supporting the COVID-19 response will not only allow the Global Fund to deploy its experience, expertise and partnership model to fight against the pandemic, but also to ensure that health systems remain functional, treatment and prevention programs are not disrupted, and resources are not diverted from grants. Taking this approach will ensure that the USD 14 billion mobilized as a result of the Sixth Replenishment is unambiguously utilized for specific AIDS, tuberculosis and malaria programs and the health systems that support them.
13. The Global Fund secured a total of USD 259 million in contributions from donors for C19RM in 2020, enabling the partnership to maintain its support to countries through C19RM beyond the initial envelope of USD 500 million allocated by the Global Fund. This included pledges from Canada, Denmark, Germany, Italy, Norway and Sweden. From a private sector angle, the FIFA Foundation pledged USD 1.5 million and established a longer-term strategic partnership with the Global Fund. This also unlocked USD 1.5 million from an anonymous donor.
14. In terms of additional resources for the Global Fund in 2021, Germany pledged an additional EUR 140 million as part of a broader EUR 1.5 billion commitment to support ACT-A, and the Netherlands announced a pledge of EUR 12 million, out of a new EUR 52 million ACT-A commitment. Additionally, with the adoption of the American Rescue Plan Act, the U.S. committed USD 3.5 billion in support of the Global Fund. On the private sector side, as other resource mobilization activities are in progress, (RED) is mobilizing partners to support C19RM, including Apple, Starbucks and Salesforce. Private sector partners have also taken part in key events and calls to action in support of the Global Fund.
15. Regarding non-monetary contributions, several partners – including Microsoft, Google, Project Last Mile, Thomson Reuters Foundation and Zenysis – have offered their expertise and in-kind support to the Global Fund's COVID-19 response in areas such as connectivity, legal advice, and supply chain management. Interventions in these spaces have encouraged greater collaboration between civil society organizations, bolstered in-country distribution of commodities, and offered other tools and capacities based on country needs.
16. The Global Fund Secretariat continues to play an active role in the ACT-A resource mobilization workstream, collaborating with partners in joint advocacy and donor outreach. As articulated in the ACT-A Prioritized Strategy and Budget for 2021, approximately USD 11 billion has been mobilized to date, although a significant funding gap of US\$ 22.1 billion remains.

Preparations for the Seventh Replenishment

17. 2021 is a critical year for the Global Fund, marking the beginning of the pre-replenishment period and 20 years since the organization was conceived. The Global Fund is embarking on several critical initiatives to strengthen its global positioning and bolster resource mobilization and advocacy across key markets. These initiatives seek to raise awareness and boost visibility for the Global Fund and differentiate the unique role of the organization in the global health sector. These initiatives include:

- (a) A brand refresh (launching internally in early June 2021), which leverages the Global Fund's impact record and diverse stakeholder base and positions the organization for success in a rapidly changing world. Key outputs include refined core messaging and a new visual identity, which will be rolled out across various channels (website, intranet and newsletter); brand assets (templates, marketing collateral and communications content); social media platforms; and operational materials (live documents across the organization)
- (b) A global 20th anniversary campaign (launching externally around 7 June), which amplifies the refreshed brand externally through a range of creative activations, engaging donors, world leaders, implementing countries, partners, and community voices around the Global Fund's impact and unique role over two decades.
- (c) Strengthening the Global Fund's advocacy ecosystem and its engagement around the 20th anniversary and pre-replenishment activities.
- (d) Strengthening the Global Fund's long-term donor and partner engagement strategies to ensure effective donor commitment in the lead up to the Seventh Replenishment.
- (e) From June, initiating planning work on the Seventh Replenishment's investment case and communications campaign.

In addition to the different workstreams mentioned above, the Secretariat is investing in the strengthening of the external relations and communications functions, now merged under a single business unit since June 2020. After its roll out on 1 April 2021, the new structure of the External Relations and Communications Division teams will be better equipped to mitigate the risks associated with larger donor portfolios, address a more challenging and competitive fundraising landscape, and effectively position the partnership in a fast-evolving global health landscape.

Next steps

19. The second extension of C19RM will strengthen resource mobilization efforts and 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. However, a comprehensive and sustainable solution to COVID-19 is only possible if a major step change in financing that goes beyond the confines of traditional ODA allocations can be realized. Currently available development budgets cannot meet the needs of the COVID-19 response—neither for the development of new diagnostics and therapies nor for the swift and equitable deployment of new and existing COVID-19 tools, and certainly not to shore up health systems to prevent further impact on AIDS, tuberculosis and malaria programs.
20. In the next few months, the Secretariat's resource mobilization and advocacy efforts will focus on:
 - a) Leveraging global platforms and working with Global Fund champions, advocacy partners and key stakeholders to increase awareness on the need for a significant step change in funding for the global COVID-19 response to avoid catastrophic consequences in low and lower middle-income countries.
 - b) Continuing the collaboration with ACT-A partners to engage high-level political leadership and urgently mobilize and deploy additional resources for a fast and equitable delivery of life saving COVID-19 tools to low- and lower-middle countries.
 - 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; and in shoring up health systems, given the partnership's established mechanisms for investment and delivery, and what has already been achieved through grant flexibilities and C19RM.

- d) Continue engaging with civil society and community partners and other advocacy champions in implementing and donor countries.
 - e) Further mobilizing private sector leadership in support of the extraordinary global efforts required, including through financial and non-financial resources for ACT-A and the Global Fund.
 - f) Positioning the Global Fund's role and impact in the current context and the future, leveraging the refreshed brand and messaging, strengthening our advocacy work in key markets, and preparing a solid investment case and a strong resource mobilization campaign for the Seventh Replenishment in 2022.
21. The support from the Board will continue to be crucial in mitigating the risks deriving from the COVID-19 crisis and in raising the additional resources needed to enable to Global Fund to play its part in the global pandemic response. Similarly, the Board's support and guidance as we prepare the ground for a successful replenishment in 2022 will be of critical importance.

Annexes

The following items can be found in Annex:

- Annex 1: Summary of Board and Committee input
- Annex 2: Relevant past Board decisions
- Annex 3: Relevant past documents and reference materials

ANNEX 1 – Summary of Board and Committee input

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.

15th Audit and Finance Committee Meeting, March 2021. The Secretariat provided a written update on Six Replenishment pledge conversions and ongoing resource mobilization efforts to the Committee for information (GF/AFC15/10).

Annex 2 – Relevant past Board decisions

Relevant past decision points	Summary and impact
<p>GF/B44/EDP18: Second Extension of C19RM Timeline and Operational Flexibility for COVID-19</p> <p>(March 2021)</p>	<p>Recognizing the acute needs at country-level, and the threat of diversion of resources towards COVID-19, the Board:</p> <p>(i) affirmed that C19RM is a temporary, timebound mechanism established to address the current global emergency related to the COVID-19 pandemic;</p> <p>(ii) approved the mobilization of additional funds from public donors and, pursuant to existing policies, private donors, which will be used to support C19RM, through 31 December 2021;</p> <p>(iii) approved the award of C19RM funds through 31 March 2022, to continue to finance interventions across the 5th and 6th replenishment periods;</p> <p>(iv) established that, while C19RM funding is expected to be used rapidly for emergency needs, the final deadline for use of C19RM funds will be 31 December 2023, to reduce the additional cost and burden associated with establishing and monitoring an independent deadline within core grants; and</p> <p>(v) approved provisions governing use of funds, allocations, review and award of funding requests, reporting, monitoring and evaluation, centrally managed investments and management and operating costs</p>
<p>GF/B43/EDP12: Extension of C19RM timeline and operational flexibility for COVID-19</p> <p>(September 2020)</p>	<p>The Board agrees that COVID-19 continues to pose a grave threat to the Global Fund's mission to fight HIV/AIDS, tuberculosis, and malaria and strengthen systems for health, and that continued support for country responses to COVID-19 is critical to safeguard Global Fund programs and country health systems. The Board acknowledges its previous decisions establishing the Global Fund COVID-19 Response Mechanism (C19RM) to provide additional support for country responses to COVID-19 (GF/B42/EDP11), and approving certain time-bound operational flexibilities to ensure the continued delivery of the Global Fund mission during the pandemic (GF/B42/EDP10). 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> <ol style="list-style-type: none"> 1. Approves that the Secretariat may approve requests for C19RM funds through 15 April 2021; 2. Affirms that all other previously approved principles under GF/B42/EDP11 will continue to apply to C19RM; 3. Requests 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

Relevant past decision points	Summary and impact
	<p>the pandemic continues to evolve, or if total additional funding for C19RM exceeds USD 500 million; and</p> <p>4. Approves 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 may delay the delivery of products to countries, will apply through 15 April 2021.</p>
<p>GF/B42/EDP11: Approval of COVID-19 Response Mechanism</p> <p>(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> <p>(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;</p> <p>(ii) The Secretariat may approve requests for C19RM funds for an initial six-month period through 30 September 2020; and</p> <p>(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>

Annex 3 – Relevant past documents and reference materials

1. Update on resource mobilization presented for information to the 15th AFC meeting ([GF/AFC15/10](#))
2. Update on resource mobilization presented for information to the 14th AFC meeting ([GF/AFC14/09](#)) and the 44th meeting of the Global Fund Board ([GF/B44/17](#))
3. Update on resource mobilization and replenishment presented for information in the context of the 42nd Global Fund Board Meeting ([GF/B42/21](#))
4. Update on resource mobilization presented for information to the 12th AFC meeting ([GF/AFC12/07](#))