

Global Fund

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Mobilizing Additional Resources for the Global Fund: A Planning Guide for the Private Sector

**Prepared by the Private Sector Delegation to the Board of
The Global Fund to Fight AIDS, Tuberculosis and Malaria**

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List of Terms and Abbreviations Used

CCM	Country Coordinating Mechanisms
CRM	Cause Related-Marketing
GBC	Global Business Coalition
IKD	In-kind donations
FOF	Friends of the Fund organization
NGO	Non-governmental organization
PMTCT	Prevention of mother-to-child transmission (of HIV virus)
PSD	Private Sector Delegation
TRP	Technical Review Panel (of the Global Fund)
UNF	United Nations Foundation
WEF/GHI	World Economic Forum/Global Health Initiative

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Executive Summary

A priority for all constituencies of the Global Fund to Fight AIDS, Tuberculosis and Malaria is to secure expanded, long-term and predictable funding for the dramatic turn-around still needed in the fight against these three diseases.

This paper, prepared for the September 2005 replenishment conference in London, signals the continued commitment of the Private Sector Delegation to the Global Fund to explore new paths and to strengthen the capacity for financing the Global Fund's ambitious goals. Particular emphasis will be placed on expanding resource mobilization efforts from private sector sources.

The private sector has played an important role in the work of the Global Fund since its inception, by being engaged in the Board, by supporting the Secretariat and in-country partners, and by collaborating at the country level through Country Coordinating Mechanisms and co-investment activities.

Yet we have only begun to realize the full potential of private sector support for the Global Fund in terms of relevant management expertise, technical assistance and broader resource mobilization in order to:

- a. Increase financial contributions to the Global Fund;
- b. Provide management support to in-country operations and CCMs;
- c. Increase efficiency and impact of Global Fund-approved grants;
- d. Establish public-private-partnerships in the implementation of grants; and
- e. Enhance the Secretariat and overall Global Fund operations through the provision of private sector services and products.

In line with these opportunities and in the context of this year's replenishment process, the Private Sector Delegation held extensive consultations as part of its strategic planning process initiated under the auspices of the Global Business Coalition (GBC) and with the support of McKinsey in May 2005.

These consultations have led to the design of a segmented strategy for mobilizing the private sector in a more systematic way in support of the Global Fund. Cash contributions, pro bono services and product contributions, and in-country co-investments and operational contributions are the primary focus of efforts. The main lines of this strategy are presented in this document.

Private Sector Involvement in the Fund

Historical Challenges

The private sector has been involved extensively in global efforts to fight AIDS and other infectious diseases outside the Global Fund through large cash commitments, substantial product donation programs, and direct support of program implementation by providing management expertise and investing in infrastructure and capacity development¹. Yet, with the exception of a handful of companies, the private sector's support for the Global Fund has been limited in scope and scale. The major corporate cash contributors to the Global Fund and to its Friends of the Fund affiliates remain a rather small group: Eni, Johnson & Johnson, MAC Cosmetics, Novartis, Statoil and Winterthur.

Cash contributions from the private sector have been limited to date - not surprisingly, given the very different factors affecting private sector contributions from those of donor governments. The very nature of the Global Fund - being a demand-driven funding instrument rather than an operational agency - which appeals to donor governments has very limited appeal to corporations and individuals who prefer to channel their relatively small contributions directly to programs in the field, with fewer intermediaries and direct feedback.

Furthermore, while VH1 and Publicis have helped to significantly enhance the public image of the Global Fund in the United States and Europe, the institution does not yet enjoy the public visibility and recognition needed to attract significant support. Meanwhile, most of its policies have been designed to ensure effective orchestration and stewardship of public contributions, with little accommodation to the standard practices and requirements of corporate funding prospects.

Most importantly, when compared to the linear structure and pooled tax contributions in donor governments (e.g. through ministries of finance), there is no pre-existing infrastructure to fundraise or mobilize resources from the private sector for a global funding instrument such as the Global Fund. Thus, private sector fundraising is a resource-intensive endeavor, but the private sector resource mobilization efforts of the Global Fund's Secretariat and its fundraising partners have been chronically under-resourced. Without the ingenuity and commitment of interested parties such as the Global Business Coalition on HIV/AIDS, the UN Foundation and a few corporate leaders, working with the support of the small but dedicated staff at the Secretariat devoted to private sector relations, the performance to-date would be further limited.

¹ Data across the three diseases, across all sectors and worldwide is not readily available. For a review of US corporate grantmakers for HIV/AIDS causes, see Attachment 1. For a listing of corporate Contributions/Programs for HIV/AIDS, TB and Malaria, in one lead sector (the pharmaceutical industry) see Attachment 2.

Pro bono services and product contributions have also been limited. While such contributions are occurring directly between private donors and recipients in many different contexts, the necessary policies and procedures have not been approved by the Global Fund in order to accept large-scale contributions of products and services.

In-country co-investments and operational contributions are already occurring in the context of Global Fund programs, but these types of contributions have been limited by the scarcity of successful operational partnership models, as well as by the inability or unwillingness of in-country structures (e.g. CCMs) to facilitate private sector engagement.

The Private Sector Delegation hopes to address these challenges by working closely with the various Global Fund stakeholders and structures and actively facilitating and catalyzing the various forms of contributions to be made by the private sector to the work of the Global Fund.

Opportunities

From the outset, the Global Fund has been conceived as a public-private partnership, incorporating the inputs of the private sector, including participation in its governance and allowing private sector involvement in Country Coordinating Mechanisms (CCMs) and program implementation.

The Global Fund has also developed its policies around concepts that are most attractive to private sector philanthropy decision-makers (accountability, transparency, performance-based funding).

Fundraising is not necessarily the primary way in which the private sector can contribute to the Global Fund, and, given the challenges mentioned above, such corporate fundraising is unlikely to generate as large amounts of cash as government contributions. Nevertheless, much potential has yet to be tapped and the 2005 shortfall and replenishment requirements provide a logical impetus to reinvigorate private engagement.

The Private Sector Delegation aims to help mobilize additional resources from the private sector for the Global Fund's important work. The PSD aims to do this by investing seed funding in an expanded corporate fundraising capacity and by working with other Board constituencies and the Secretariat to align Global Fund policies and processes in order to catalyze involvement by a broader cross-section of private sector enterprises at the global, regional and international levels.

Among the major opportunities to do so are:

1. Expanding the Global Fund's corporate and general fundraising capacity and the Private Sector Delegation's support of this effort;
2. Providing opportunities for targeted contributions from the private sector which will help spark involvement in effective private sector marketing initiatives;
3. Revisiting the policy on in-kind contributions (which have already played an important role in the Global Fund's first three years);
4. Multiplying co-investment projects by tapping private sector expertise and infrastructure supportive of larger community programs; and
5. Accelerating private sector participation in Country Coordinating Mechanisms.

A Renewed Commitment

With the impulse of the GBC, its new focal point, and with the support of McKinsey, the Private Sector Delegation to the Global Fund initiated a strategic planning process in late April 2005 aimed at:

- Fine-tuning the mission for the private sector delegation;
- Setting the strategy for 2005-2006;
- Broadening participation with revised models of involvement; and
- Strengthening more effective outreach and governance mechanisms.

After consultations and the convening of planning workshops, private sector representatives confirmed the PSD mission as “helping the Global Fund by channeling private sector involvement”. In 2005-2006 our focus will be to:

- Facilitate broad-based resource mobilization for the Global Fund;
- Facilitate private sector operational involvement through partnerships in program implementation;
- Advance policies affecting the private sector; and
- Bring a private sector expertise to bear on Global Fund operations and organization.

The focus of the private sector delegation at this stage is to secure seed funding and fine-tune strategies for the broad-based resource mobilization and the expanded operational involvement. Meanwhile, the PSD is also revising its outreach strategies and governance mechanisms to fulfill its mission.

Resource Mobilization Priorities

Private sector delegates believe we have only begun to realize the potential of private sector support for the Global Fund. Relevant management expertise, technical assistance and broader resource mobilization can be helpful in enhancing Secretariat operations, increasing financial contributions to the Global Fund, providing management support to in-country operations and CCMs, as well as increasing the efficiency and impact of Global Fund-approved grants and ensuring public-private partnerships in the implementation of grants

Moving forward, the private sector is organizing and activating its broader constituency and exploring the following options to contribute significantly to the Global Fund:

- Stronger mobilization of cash contributions from companies;
- Investment in fundraising campaigns to generate funds from the broader business constituency;
- Tracking of private sector contributions to the Global Fund at various levels (Secretariat, global and national);
- Support of Secretariat operations and grant program implementation through expertise, products and services donations;
- Participation in Country Coordinating Mechanisms and provision of management and implementation support for approved grants; and
- Co-investment partnerships with grant recipients to enhance the coverage and impact of programs.

Specific action plans are being developed for the following:

- **Cash contributions** through private sector cause-related marketing, employee giving and straight cash contributions:
 - ❖ The PSD will help expand the Global Fund fundraising capacity and provide ongoing support to these activities.
- **Pro bono services and product contributions** are deemed very valuable and while the issue is complex it should be revisited. Additionally, the lack of a systematic approach to valuing and formally recognizing non-cash contributions from the private sector represents a significant barrier to mobilizing broader private sector engagement:
 - ❖ The PSD will orchestrate the necessary consultations for the development of a viable IKD policy, support successful examples, and help line up commitments from companies.
- **In-country co-investments and operational contributions** are promising instruments to mobilize additional resources in the field and increase the absorptive and distribution capacity for GF projects:
 - ❖ The PSD will continue advocating supportive policies at Board and TRP level, eliciting proposals and facilitating in-country negotiations wherever possible.

Cash Contributions

Cash contributions are one of three major avenues of contributions from the private sector to the Global Fund. The private sector delegation is about to expand the Global Fund’s fundraising capacity; it has also clarified the role it will play in coaching this effort and has defined the main line of the fundraising plans presented below.

The Role of the Private Sector Delegation

The PSD has identified its responsibility as encompassing roles of neutral accountant, enabler, advocate, and broker for the Global Fund as described in the following table:

Neutral accountant	Enabler	Advocate	Broker
<ul style="list-style-type: none"> • Value and recognize PS contributions 	<ul style="list-style-type: none"> • Advance board policies that will facilitate contributions 	<ul style="list-style-type: none"> • Raise public and business awareness of the Global Fund 	<ul style="list-style-type: none"> • Actively support fundraising efforts
<ul style="list-style-type: none"> • Devise accounting methodology • Identify and value historical contributions • Develop process for identifying contributions going forward • Publish and report widely and periodically detailed contributions 	<ul style="list-style-type: none"> • Identify key policy roadblocks to private sector fundraising • Engage board and other constituencies to develop supportive policies 	<ul style="list-style-type: none"> • Use media channels and staged events to build public awareness and celebrate contributions • Create menu of giving options for companies, promote success stories, etc. 	<ul style="list-style-type: none"> • Help develop fundraising concepts and identify prospects • Provide CEO and other access to companies and facilitate conversations • Financially support creation / expansion of fundraising capacity

Priority Plans for Cash Contributions

The most attractive channels to secure sizable corporate contributions for the Global Fund are cause-related marketing, employee giving and grant solicitations. These are described individually below, and all will require a lead agency, partnership collaborations with other organizations (including Friends of the Fund organizations worldwide) and close coordination with the Secretariat staff in charge of private sector mobilization.

Cause-Related Marketing Plans

Cause-related marketing describes a mutually beneficial relationship between a corporation and a nonprofit organization which has the following characteristics:

- Links a specific product or brand to a specific cause; and
- Involves a transactional, message promotion, or licensing campaign.

The closest example of such cause-related marketing initiatives would be the “Viva Glam” product-line marketing by the cosmetics firm MAC which has raised close to US\$ 50 million for the MAC AIDS Fund so far (now at a rate of US\$ 1 million a month). The MAC AIDS Fund has been a generous donor to the Global Fund and to the Friends of the Fund organizations, as well as having been the sponsor of other campaigns such as the International HIV/AIDS Stamp Project.

Such cause-related marketing schemes are most effective and sustainable when there is a clear alignment between the audience reached by the nonprofit cause and corporate positioning interests, as is the case for MAC.

It is a large and growing market, not only in the United States, where it grew from US\$ 125 million in 1990 to US\$ 828 million in 2002, but worldwide as well. Individual cause-related marketing campaigns typically generate less than US\$ 5 million per year but multiple campaigns could add up to a not-insignificant source of cash (US\$ 25 million or more) for the Global Fund.

Furthermore, beyond raising funds, such campaigns can help raise significant awareness and therefore support other communication and fundraising initiatives.

Specific Private Sector Delegation and lead agencies broker role

Finalizing such arrangements between the Global Fund and companies is extremely time-intensive. The need for the Secretariat to have implementing partners in this field is very clear. The GBC has taken the lead in working with corporate and other parties to develop new cause-related marketing arrangements, in close coordination with the Secretariat’s staff. Details of these arrangements cannot yet be unveiled but are very promising in terms of fund mobilization: a major announcement may take place around World AIDS Day, as the starting point for a global multi-million dollar initiative.

The GBC also intends to work closely with the Friends of the Fund organizations and the UN Foundation to elicit their input on these projects in order to maximize the synergies and build on the respective competencies these organizations bring to fundraising efforts.

In addition, PSD members will be consulted to identify strategic opportunities, and solicited to act as champions and brokers, that is, to provide CEO and high-level access to companies and facilitate partnership discussions.

Employee Giving Plans

Employee giving programs describe in general a broad range of corporate programs supporting employee volunteering and philanthropy, related to special or annual appeals. Specifically, we are interested in employer-sponsored giving programs whereby the employee chooses the size and destination of donations and elects method of payment (e.g., payroll deduction, cash, check, or credit) and the employer matches the donation.

This is a diverse market with very different characteristics in different countries. The US is the largest one, with over US\$ 3.5 billion in annual contributions, representing roughly 2 percent of all annual charitable contributions. These schemes offer a cost-effective way to reach individuals and tap into corporate matching programs. Traditionally dominated by the United Way, the market is progressively opening up, allowing for corporate champions and CEO-level relationships to introduce the Global Fund as the focus of company-wide campaigns.

Developing a compelling value proposition to employers (by delivering a comprehensive set of programs and services to employees) will be essential to tap into the workplace-giving market and to secure sizable matching gifts. Success factors will include:

- Transparency and responsiveness to community needs;
- Ability to develop a sense of “ownership” and local relevance;
- Employee involvement in campaign activities;
- Donor convenience/ease of giving provided by computer-based or online donation platform; and
- Internal incentives provided by corporation or competition among employees to foster giving.

Specific Private Sector Delegation and lead agencies broker role

Last year, the GBC initiated employee AIDS mobilization campaigns (Your Finest Hour) to engage employees in the fight against HIV/AIDS, working with several GBC member companies including Virgin, Getty Images, MTV International, Booz Allen Hamilton, Rainey Kelly Campbell & Rolfe / Y&R, the Noel Group and others. A component of the campaign was an employee giving appeal. It is now revisiting the concept with Virgin and exploring new models of employer-sponsored campaigns that could benefit the Global Fund. Meanwhile, Merck introduce the Global Fund in its employee giving program and a sector-specific initiative for a sector-wide employee appeal is in discussion, at the initiative of the Secretariat.

The WEF/GHI outreach network will be most helpful in promoting these through its global and regional platforms to a large constituency of corporations worldwide. The UN Foundation may be the fiscal conduit for the funding and offer matching support. The Friends of the Fund organizations in US, Europe and Japan may also find this a viable concept to support in their respective regions.

Corporate Major Gifts Plans

Fortune 100 and FTSE 100 companies gave some US\$ 4.4 billion in cash contributions to charitable causes in 2003. There have been some notably successful private sector fundraising campaigns, such as for the recent tsunami, but typically these are in response to “crisis” events.

Direct appeals to corporations could result in significant cash contributions (US\$ 100 million or more) if the Global Fund is able to create a sense of urgency and improve its value proposition. For most organizations, however, such corporate fundraising is resource-intensive (fundraising expenditures of 10 to 20 percent), the returns are relatively modest (US\$ 5 million to US\$ 15 million), and the effort must be repeated every year (the same is generally true for a direct appeal to corporate CEOs in their individual capacities).

In other words, this is a challenging area with high stakes, and worthy of a carefully-designed approach with all the elements in place: a lead agency, a solid feasibility and planning study, experienced staff, active coaches on the PSD, and seed funding for a two-year kick-off period.

Lead agency role

The Global Fund Secretariat appealed to the Private Sector Delegation to support this initiative by securing the necessary seed funding and identifying a lead partner, who would offer the following characteristics:

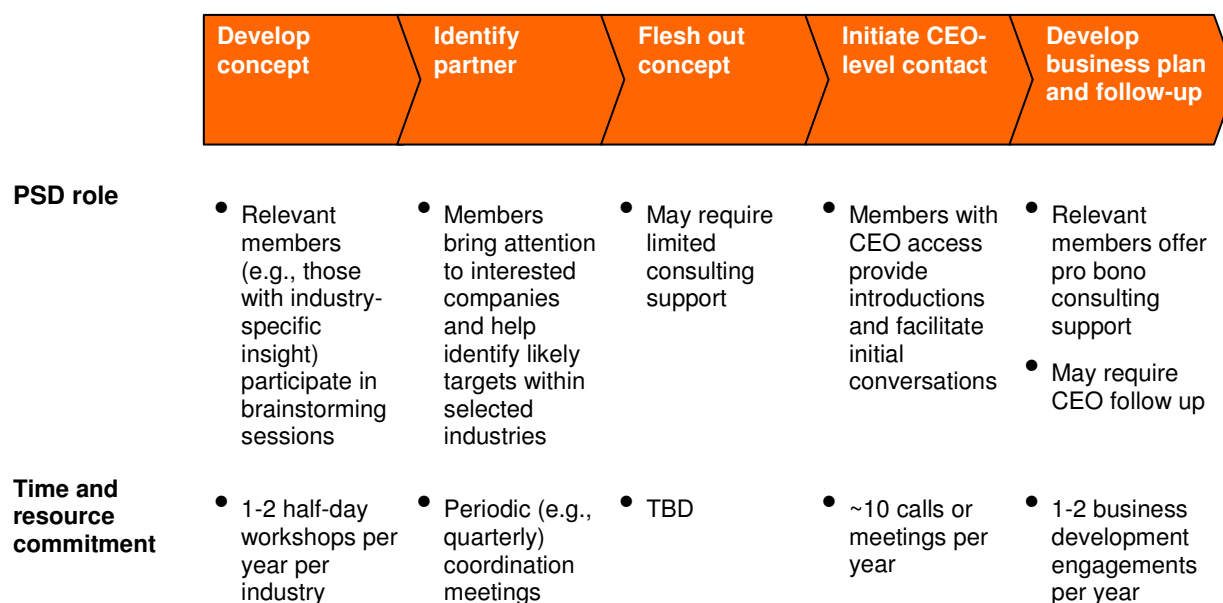
- **Nimbleness:** is the entity sufficiently entrepreneurial, flexible, and nimble to be an effective fundraiser (e.g., how quickly and easily can it respond to proposals)?
- **Alignment with mission:** how much overlap exists between the entity’s mission and the role of fundraising for the Global Fund?
- **Existing capacity:** to what extent does the entity already have the resources, expertise, systems, etc. required for fundraising for the Global Fund in place?
- **Proximity to primary fundraising markets:** is the entity situated in or close to major fundraising markets (i.e., primarily the US)?
- **Interest/enthusiasm for the role:** is the entity’s leadership committed to and enthusiastic about playing the role of fundraiser for the Global Fund?

Very few candidates fit the above requirements. The GBC, fitting most of the above characteristics and having already committed a significant amount of staff and political resources to the support of the Global Fund, has stepped forward to volunteer in this role and will set up this capacity in-house as soon as the PSD has secured the necessary seed funding for the initiative.

The lead agency role will also entail, in the early stages, the orchestration of a feasibility and planning study that may require specialized consulting support to help fine-tune the approach, determine the fundraising goals, select gift plans and solicitation strategies, make the case for support, and design a more detailed operational fundraising plan, as well as coordination with the Secretariat, Friends of the Fund organizations and other partner organizations and foundations as appropriate.

Other Specific Private Sector support roles

Beyond providing seed funding for these activities, interested parties in the private sector, including members of the PSD, will be tapped in to coach the development and implementation of the strategy as follows:



Source: Interviews; McKinsey team analysis

Required Supportive Policies

To secure corporate funding for the Global Fund and advance the above efforts, the value proposition of the Global Fund needs to be improved:

- **Clear opportunities** for engagement specific to businesses who seek to leverage their core capabilities or find activities closely linked with their brand;
- **Demonstrable impact from the donation.** More specific targeting of contributions and new forms of reporting (testimonies, visuals, data on local recipients) will go a long way. The performance-based mechanism is a great asset but it shows results at the Principal Recipient level, remote from the field and life and death impact;
- **Local relevance**, implying the ability of a corporation to fund a project in its proximity or the proximity of its constituents (supply chain, customers etc);
- **General appeal.** Building the brand and giving a public image to the Global Fund that stresses its human impact in the field, its accountability and transparency, and its performance-driven funding will be essential in developing interest and commitments from corporations, their leadership, their employees and consumers.

The ability to develop a sense of ownership and local relevance hinges upon the ability to channel funding for specific programs or programmatic components. Future policies which create opportunities for targeted channeling of funds will be critical to facilitate the multiplications of CRM, employee giving and corporate grants.

The public image of the Global Fund, already important in securing public support, becomes an essential asset in these efforts of developing structured partnerships with major corporations willing to align their image, internally (employee giving) or externally (CRM and major gifts), or both, with that of the Global Fund. Recent developments concerning an internal investigation and the ensuing coverage in the media are reasons for concerns when building the young brand and advancing current negotiations with prospective corporate partners.

Resources Requirements and Evaluation Criteria

Seed funding for a defined period of two years is being solicited from Private Sector Constituency members and should be secured by October 2005. Such fundraising start-up operations typically take two to three years to show a profit and up to five to six years to fully ramp-up. Beyond the initial two years, the effort should be close to being self-sustainable. A steering committee will be established to guide the overall effort and evaluate its success and viability on an ongoing basis.

The following chart describes the activities planned and the resources required. The budget includes staffing, strategy development and sub-contracting for administrative functions.

Activity	Description	Resources required
Develop strategy	<ul style="list-style-type: none"> Engage fundraising consultant to conduct feasibility study and work with steering committee to develop strategic plan 	<ul style="list-style-type: none"> 2-3 months of consultant and steering committee time
Establish steering committee	<ul style="list-style-type: none"> Form steering committee of 10-15 committed individuals from the private sector representing a range of industries and geographies and with mix of financial capacity and technical expertise 	<ul style="list-style-type: none"> Serious commitment of individuals' time (should expect to treat like personal charity)
Hire lead fundraiser (and potentially other staff)	<ul style="list-style-type: none"> Hire well-qualified individual with fundraising experience and business world credibility Hire 1-3 additional fundraising staff (or use consultants) 	<ul style="list-style-type: none"> Commitment to finance 2-3 years of staff salaries
Develop statement of case, policies, and procedures	<ul style="list-style-type: none"> Articulate case for support and produce marketing materials Develop fundraising policies and procedures 	<ul style="list-style-type: none"> Steering committee and staff time Cost of marketing materials

Output metrics (and targets) are to be determined once fundraising strategies are fully fleshed out, but specific success metrics after year one can already be identified as:

One-Year Performance Measurement Matrix
<ul style="list-style-type: none">• Clear and robust fundraising strategy and plan developed, widely syndicated and implementation begun
<ul style="list-style-type: none">• PSD subcommittee, fundraising leadership and staff in place
<ul style="list-style-type: none">• Accounting and tracking system established and periodic reports with contributions published
<ul style="list-style-type: none">• Number of CEO-level champions recruited
<ul style="list-style-type: none">• Number of employees reached through employee giving campaigns
<ul style="list-style-type: none">• Number of new corporate grants
<ul style="list-style-type: none">• Number of new initiatives/CRM partnerships launched
<ul style="list-style-type: none">• Dollar amount of funds raised

Pro Bono Services and Product Contributions

This category of contributions includes a variety of non-cash contributions such as pro bono services rendered to the Secretariat, products offered as in-kind contributions to the Global Fund and its recipients, and pro bono services rendered to in-country partners (CCMs, recipients and other partners). Because of their in-country nature, this last category of services contributions is addressed in the next chapter. This section will focus on pro bono services to the Secretariat and product contributions to the Global Fund at large.

The Role of the Private Sector Delegation

The PSD is drawing plans to help expand this type of corporate support to the Global Fund and has defined its responsibility as encompassing roles of neutral accountant, enabler, advocate, and broker for the Global Fund as described in the following table:

Neutral accountant	Enabler	Advocate	Broker
<ul style="list-style-type: none"> • Value and recognize product and service contributions 	<ul style="list-style-type: none"> • Advance board policies that will facilitate contributions 	<ul style="list-style-type: none"> • Raise public and business awareness of the fund 	<ul style="list-style-type: none"> • Actively support contribution solicitations efforts
<ul style="list-style-type: none"> • Devise accounting methodology • Identify and value historical contributions • Develop process for identifying contributions going forward • Publish and report widely and periodically detailed contributions 	<ul style="list-style-type: none"> • Identify key policy roadblocks to integrating product and services contributions • Engage board and other constituencies to develop supportive policies • Help create menu of options and mechanisms for companies contributions 	<ul style="list-style-type: none"> • Use media channels and staged events to build public awareness and celebrate contributions • Promote success stories, etc. 	<ul style="list-style-type: none"> • Help develop appeal concepts and identify prospects • Provide CEO and other access to companies and facilitate conversations

Priority Plans for Pro Bono Services and Product Contributions

Pro Bono Services

Pro bono services contributed by the private sector to the Secretariat exceeded US\$ 7 million in 2004 and covered a wide range of support, such as:

Company	Services Contributed
<i>Booz Allen Hamilton</i>	Review of Board & committee structures
<i>Egon Zehnder</i>	Design of staff competency model
<i>McKinsey & Company</i>	Development of Executive Director's performance criteria
<i>Piper Rudnick</i>	Legal advice and staff expertise on various issues
<i>Publicis Group and media partners</i>	Advertising services and airtime/print space for Global Fund advertising campaigns
<i>Sidley, Austin, Brown & Wood</i>	Legal advice and preparatory work on registering the Global Fund name and logo internationally
<i>Sterling Group</i>	Marketing strategy to refine the external positioning and communications of the Global Fund
<i>VH1 (Viacom)</i>	Advertising services and airtime/print space for Global Fund advertising campaigns

In any well-managed organization, the services enrolled pro bono correspond to identified, strategic or tactical needs of the organization, driven by the demands of the organization's strategic or operational plan. This has clearly been the case for the Global Fund. Therefore these pro bono services constitute valuable contributions not only strengthening the Secretariat's capacity but also enabling the Global Fund to maintain healthy programmatic ratios by driving more cash to field grants and operations.

Moreover, such services as those provided to date by Publicis, the Sterling Group and VH1 are much needed to develop the image of the Global Fund and therefore to support the mobilization of corporations in cash and operational contributions discussed in the previous and following section of this paper.

We also consider corporate pro bono contributors who would have acquired a positive experience with the Global Fund as their contribution would be properly recognized as bearing great potential for employee giving programs.

Ultimately driven by the needs defined by the Secretariat, the continuous and expanded use of pro bono services will be a healthy development for the Global Fund.

Specific Private Sector Delegation and lead agency role

The Private Sector Delegation will integrate the facilitation and brokering of pro bono services to its priorities when designing the content of communication with its constituency. PSD members will be consulted to identify strategic opportunities, and solicited to act as champions and brokers, that is, to provide CEO and other access to companies and facilitate conversations.

The World Economic Forum Global Health Initiative will continue to lead this effort, working closely with the Global Business Coalition, Friends of the Fund organizations and the Secretariat. These organizations will collaborate in their respective advocate and broker roles, and will help publicly recognize these contributions to elicit similar gestures from other corporations, as was the case in the recent celebration of the Publicis launch of its pan-European media campaign for the Global Fund, where the GBC worked with the Secretariat and GBC member companies to convene private sector events.

In-kind Product Contributions

A series of Board and Board Committee meetings have already discussed the question of in-kind product contributions. A McKinsey study presented at the 5th Board meeting estimated that in-kind donations had the potential to cover between 16 percent and 32 percent of Round 2 commitments. A study led by Accenture (as a pro-bono contribution secured by GHI) focusing on mechanisms to secure and distribute these in-kind donations was developed prior to the 7th Board meeting. However, by the 8th Board meeting deliberations concluded without a decision taken with regards to in-kind donations.

Specific Private Sector Delegation and lead agency role

In a context where the success and relevance of the Global Fund is being proven through mounting volumes of grant requests, board constituencies must be increasingly mindful of the impact of a restrictive or enabling in-kind policy. While Rounds 1 to 4 were fully covered, the funding gap for Round 5 is now estimated at US\$ 367 million² and in this context major in-kind contributions may play a significant role in reducing the gap. Therefore, the Private Sector Delegation has placed this issue back on its agenda.

The Global Health Initiative of the World Economic Forum, initial sponsor for the private sector delegation discussions on product donations, is willing to revisit the matter and help lead a new cycle of explorations. This time-around the GHI will dedicate an additional staff to this role from November 2005 onwards for a minimum of twelve months, and will collaborate with the GBC in its focal point role.

Required Supportive Policies

A challenge here will be to explore with all Board constituencies how best to ensure the Global Fund is able to secure these significant additional resources while addressing the concerns that have been raised in the past. These concerns include market impact, guarding against conflicts of interest, addressing potential legal liabilities, ensuring long-term sustainability and valuing contributions, not to forget the complexities of the donor-recipient matching process. However, if the potential of in-kind donations is, as was once estimated, a fifth of the Global Fund's cash commitments, this is a significant resource that cannot be ignored.

² *Communication from the Secretariat dated 23rd August 2005*

In-Country Co-investments / Operational Contributions

In-country co-investments and operational contributions are promising instruments to mobilize additional resources in the field and to increase the absorptive and distributive capacity of Global Fund grants. Specifically they encompass:

- **Co-investments** – Partnerships between governments (or other partners) and companies to use existing business infrastructure, staff and management skills to support program implementation, increasing the impact of the proposed funding;
- **Direct contributions** - direct support of regional or country CCM processes to increase the effectiveness and efficiency of programs; and
- **Technical Assistance** - Partnerships between governments (or other partners) and companies who contribute their expertise in relevant disciplines, such as program management, supply-chain management, procurement, information technology, etc.

The Role of the Private Sector Delegation

The PSD will continue advocating supportive policies at Board and TRP level to elicit proposals and to facilitate in-country negotiations wherever possible. The PSD has defined its responsibility as encompassing the roles of neutral accountant, enabler, advocate, and broker for the Global Fund as described in the following table:

Neutral accountant	Enabler	Advocate	Broker
<ul style="list-style-type: none"> • Value and recognize in-country engagement • Identify and value progress of CCM participation • Develop process for identifying private sector applications in rounds • Assess and report widely progress of field engagements and co-investments 	<ul style="list-style-type: none"> • Advance board policies that will facilitate co-investments • Identify key policy roadblocks to co-investments and in-country private sector involvement • Engage board and other constituencies to develop supportive policies 	<ul style="list-style-type: none"> • Raise public and business awareness of co-investments • Coordinate with the Global Fund Secretariat to ensure visibility of future rounds cycles and deadlines • Promote success stories, etc. • Coordinate with other parties (bilateral, multilateral and other institutions) to develop policies. 	<ul style="list-style-type: none"> • Actively support co-investment mobilization efforts • Help identify prospects • Provide CEO and other access to companies and facilitate conversations • Facilitate in-country negotiations • Financially support submission of projects (done by GBC in 2004, will not likely be further pursued)

Priority Plans for Co-investments and Operational Contributions

After much enthusiasm in 2003-2004 for in-country co-investments and operational partnerships involving the private sector, concrete collaborations have been slow to materialize.

On the eve of the September 2005 replenishment conference, the private sector applauds the initiative of the Global Fund to dedicate a staff position next year to co-investment matters as part of its operational team, working closely with Fund Portfolio Managers to help mainstream the co-investment concept into operations and therefore accelerate the distributive capacity in a number of countries. We look forward to working with the Secretariat on the priorities of the co-investment work-plan.

From the perspective of the private sector, priority plans would include:

- Mainstreaming of co-investments in Global Fund operations;
- Development of a coordinated approach to co-investment;
- Participation of private sector in Country Coordinating Mechanisms; notably the participation of local major corporations and branches of Fortune 1000 companies - a critical step to enrolling the power of corporations with great infrastructure and resources;
- Expanded capacity to identify and respond to emerging in-country needs related to proposal development, grant negotiation and implementation;
- Improved ability to retrofit co-investments into approved grants.

The mainstreaming of co-investments in Global Fund operations is beginning to occur, and a decision was made recently by the Secretariat to create a post for a dedicated Co-investment Project Manager. The Co-investment Project Manager is responsible for (1) supporting the private sector to set up, implement and monitor co-investment and private sector programs; (2) coordinating the relationship between the private sector, technical partners and governments; (3) increasing private sector participation in the co-investment scheme; (4) serving as a focal point for private sector and civil society partners in their relationships with the Global Fund. This development will ensure that the conceptualization and outreach efforts coordinated to date by private sector staff at the Secretariat are leveraged and expanded through the daily work of the portfolio managers. The PSD sees this as a very positive indication of the alignment of policies, and a significant additional asset in mobilizing in-country private sector contributions with respect to co-investments and CCMs.

The development of a coordinated approach to co-investment has been the focus of a core group of stakeholders – such as the GBC, GTZ, WEF/GHI and the Global Fund – who are collaborating in developing a common approach and a set of priorities for furthering the co-investment model. The most recent consultation on co-investments was co-hosted by GBC, GTZ and HHS/PEPFAR (together with the Global Fund) took place in New York in June and attracted a number of new bilateral agencies and corporate representatives. However even this initiative appears to find its limits in the challenges of local stakeholder brokering and CCM involvement.

The participation of the private sector in CCMs remains a major concern. According to general data available on CCM membership, 82 percent of CCMs had some form of private sector representation in Round 4. Of the 78 CCMs analyzed, the private sector makes up on average 7 percent of CCM membership. While yet-unpublished data about Round 5 appears more promising, the quantitative and especially the qualitative input is not sufficient to either effectively engage a movement of private sector proposals or to effectively coach the private sector firms who have already expressed interest in extending their expertise and infrastructure to support expanded delivery of services to the communities in which they operate. A finer analysis would also show that quite often the “private sector” represented on CCMs is heavily biased towards private medical services delivery professionals and firms, while large local corporations and Fortune 1000 companies with large employee workforces and extensive supply-chain networks are underrepresented.

This fall, the Private Sector Delegation will be developing a workplan to define the next steps for priority engagement. The focal point, GBC, will take the lead of the workplan development, in close consultations with interested parties such as WEF/GHI, other PSD members, Friends of the Fund organizations and the Secretariat. Consequently, the in-country and policy-level activities of the various parties, and in particular those of the GBC and WEF/GHI, will be closely aligned while still operating independently.

Required Supportive Policies

A communication calling for greater private sector involvement in the Global Fund in Round 5 was issued last May by the Board and its executive leadership and was addressed to Chairs of Country Coordinating Mechanisms. It reflects to a large extent the PSD concerns and hopes regarding operational partnerships involving the private sector, or lack thereof. (See Attachment 3)

As the workplan mentioned above is developed, the PSD will also review the underpinning policies that elicit or deter co-investments, technical assistance and other forms of direct contributions in support of CCM processes or local program implementation.

Much can be achieved at the in-country, operational level, but the political impetus from the Board and the Secretariat must stay clear. Furthermore, the policies concerning resources and capacities of CCMs, briefly touched upon at the 10th Board meeting, can and will have a significant impact on the effective inclusion of civil society groups, including the private sector, into roles of responsibility in the national programming.

In turn this participation will open many more opportunities to secure significant cash, and possibly services and products in support of Global Fund projects locally.

Conclusion

This document signals a new impetus and a serious commitment of the Private Sector Delegation to mobilize additional resources for the Global Fund from private sector sources.

The Chair and Alternate of the Private Sector Delegation are leading a short-term outreach effort to secure by October 2005 some US\$ 500,000 in seed funding over two years for an expanded fundraising initiative that is expected to be self-sustaining by the third year.

- Once the seed funding is secured, the current focal point of the Private Sector Delegation (the GBC) will start putting in place the additional expertise and capacity to expand cash fundraising for the Global Fund, in addition to the extensive staff time and expertise it already dedicates to Global Fund business. The most promising channels for these efforts are cause-related marketing, employee giving and grant solicitations. GBC and Private Sector Delegation members are already leading or actively supporting the negotiation of new CRM, employee giving and major corporate grants, some of which should be announced very soon.

The Private Sector Delegation has charted a course for its increased involvement in supporting, not only financially but with extensive coaching and brokering, the work of the Global Fund Secretariat, of the private sector focal point (GBC) and of other partners, including WEF/GHI, the Friends of the Fund organizations and other groups.

The Private Sector Delegation also wishes to stress the importance of other resource mobilization vehicles — namely pro bono services and product contributions, and in-country co-investments and operational contributions.

- Options for pro bono services and product contributions will be revisited in 2006 by the PSD, with WEF/GHI as a lead. The potential of pro bono services and product contributions, once estimated at up to one-fifth of the Global Fund's cash commitments, make them a significant resource that cannot be ignored.
- In-country co-investments and operational contributions represent significant and vastly untapped opportunities. The potential for leveraging Fortune 1000 companies' infrastructures and resources is great, but their involvement to date has been limited, in part due to the current design and operations of CCMs. The PSD is developing a workplan to support these efforts.

A total contributions target for private sector resource mobilization cannot be as easily set as in the context of public, governmental contributions. Therefore what is laid out here are commitments of means (rather than commitments of results). They are nonetheless significant and timely.

These commitments are the byproducts of a thoughtful and concerted engagement to reshape the involvement of the Private Sector Delegation to the Global Fund, to reach out to a wider constituency in an advocate and broker role, and to catalyze new forms of corporate engagement in the policy, programming and funding of the Global Fund.

We know from successful examples in the past that increasing corporate engagement in the work of the Global Fund at every level - especially at the country level through inclusive CCMs - is the key to mobilizing significant resources from the private sector. This approach has worked before and we are confident that the plan outlined in this report will work for the Global Fund

Appendix 1: Corporate HIV/AIDS Grantmakers (USA)

The following information was compiled by Funders Concerned About AIDS (FCAA) and focuses on the US market. FCAA is an active partner with the UNAIDS Global Consortium on Resource Tracking in efforts to track and better understand resource flows aimed at addressing HIV/AIDS issues and define consistent and transparent HIV/AIDS resource tracking methodologies.

In 2003, 52 U.S. corporate grantmakers committed funding to HIV/AIDS causes. Thirteen of the 52 corporate foundations and giving programs were among the Top 61 U.S. HIV/AIDS funders (see table below). The total estimated support of these 13 entities in 2003 was US\$ 69.4 million (746 grants), thus representing 18 percent of the US\$ 394.5 million estimated HIV/AIDS U.S. philanthropy total for 2003. This estimated share of corporate support for HIV/AIDS is significantly higher than the estimated 5.6 percent corporate share of total estimated philanthropic giving in 2003 reported by the Giving USA Foundation.

TOP U.S. CORPORATE HIV/AIDS GRANTMAKERS IN 2003

Listed in order of total 2003 grantmaking

	TOTAL AMOUNT COMMITTED IN 2003	TOTAL NUMBER OF GRANTS
Bristol-Myers Squibb Foundation, NY	18,580,342	80
Abbott Laboratories Fund, IL	18,000,000	N/A
Merck Company Foundation, The, NJ	10,000,000	53
Pfizer Foundation, Inc., The, NY	8,300,000	66
M.A.C. AIDS Fund and M.A.C. Cosmetics, NY	4,413,794	214
Altria Group, Inc., NY	2,301,450	89
Levi Strauss Foundation, CA	2,120,480	85
Johnson & Johnson Contribution Fund, NJ	2,042,058	28
Wells Fargo Foundation, The, CA	1,502,525	90
Prudential Foundation, The, NJ	650,000	14
ExxonMobil Foundation, TX	598,859	3
Federated Department Stores Foundation, OH	526,250	17
Coca-Cola Foundation, GA, and Coca-Cola Africa Foundation	330,796	7
Totals	US\$ 69,366,554	746

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Appendix 2: Summary of Pharmaceutical Industry Contributions/Programs for HIV/AIDS, TB & Malaria.

COMPANY	HIV/AIDS	TB	MALARIA
Abbott Laboratories	Access to HIV Care - US\$ 100 million (through 2007)		
	Step Forward Program		
	PMTCT Donations Program (together w/Boehringer-Ingelheim)		
	African Synergy Against AIDS & Suffering		
Astra Zeneca Plc		AstraZeneca TB Research Program- US\$ 35 million / 5 years	
		Donated £300,000 to fight tuberculosis in Kyrgyzstan & Turkmenistan through education, testing, treatment & care	
Aventis		TB Free Program (w/ the Nelson Mandela Foundation) - €15 million / 5 years	Tropical disease center in Brazil for malaria control
			Funding project to identify new methods for malaria reduction in Ivory Coast
Bayer	Diagnostic & research facility constructed in Romania to test children, young adults for HIV		Malaria prevention program – Malawi, Mali, Turkey and Zambia
Boehringer-Ingelheim	Providing VIRAMUNE® for free in 48 developing nations for PMTCT of HIV		
	Working with the Zambian Nurses' Association to provide free ARV drugs to pregnant nurses.		
Bristol-Myers Squibb Company	"Secure the Future Program" - US\$ 115 million / 5 years		
	HIV Prevention Program for young people – collaboration with the Thai Red Cross		
Eli Lilly		Lilly MDR-TB Partnership (working w/ WHO and Doctors Without Borders) - US\$ 70 million through 2006	
		Stop TB Partnership (Lilly, IFPMA, WHO, Wyeth and MSF)	
GlaxoSmithKline	Positive Action	Action TB - US\$ 33 million	African Malaria Partnership - US\$ 1.5 million
	Mission Grant – Malawi & Uganda - US\$ 1.6 million		Anti-malarial medicines offered at non-profit prices in 63 poorest countries.
	Ziagen & Triziver offered at no-profit prices to 63 of the world's poorest countries – including all of sub-Saharan Africa		
Hoffman-LaRoche	Partnership with Cambodian go't and University of New South Wales to increase access to ARVs		
Johnson & Johnson	"Call to Action Project" (China, India, Russia, Malawi, Republic of Georgia, Zimbabwe & Dominican Republic)		
	Expanded "Call to Action" program (PMTCT) - US\$ 1.25 million		

COMPANY	HIV/AIDS	TB	MALARIA
Merck & Co., Inc.	African Comprehensive HIV/AIDS Partnership in Botswana (ACHAP) - US\$ 50 million cash grant (US\$ 10 million to-date in donated ARVs)		
	New formulation of STOCRIN available at less than US\$ 1 per day in the LDCs and those hardest hit by the HIV/AIDS epidemic		
	Enhancing Care Initiative - US\$ 5 million for care teams to design practical improvements in HIV care in Brazil, Senegal, South Africa & Thailand.		
	The Merck/China HIV/AIDS Partnership- US\$ 30 million/5 years		
	HIV/AIDS Grant Program - US\$ 1 million annually		
	Romania HIV/AIDS Partnership		
Novartis		Novartis TB DOTS Donation	Medicines for Malaria Venture
		Novartis Institute for Tropical Diseases– PPP between Novartis & the Singapore Economic Development Board	Novartis <i>Coartem</i> (a collaboration agreement with the WHO)
Novartis Foundation	ACCESS		Access – improve access to malaria treatment in Tanzania
Pfizer, Inc.	Infectious Disease Institute in Kampala / Physician training in clinical AIDS care (Uganda – US\$ 60 million)		
	Diffucan Partnership Program		
	HIV/AIDS Grants Program - US\$ 8 million		
	HIV/AIDS Product Donations - US\$ 39 million		
Pfizer Foundation	HIV/AIDS Grants Program (prevention) - US\$ 5 million		
Roche / F. Hoffman-La Roche Ltd.	Invirase & Viracept pediatric powder offered at no-profit prices to the LDCs and in sub-Saharan Africa		
Sanofi-Synthelabo			“Impact Malaria” Program
Pharmaceutical Industry Initiatives	Academic Alliance for AIDS Care and Prevention in Africa	The Global Alliance for TB Drug Development (TB Alliance) partners include GSK, Novartis, Bayer	
	Accelerating Access Initiative – UNAIDS, WHO, UNICEF, UNFPA, The World Bank, Abbott, Boehringer Ingelheim, Bristol-Myers Squibb, Roche, GlaxoSmithKline, Merck		JPMW Alliance (Japanese Pharmaceutical Companies, Japanese Ministry of Health, Labour and Welfare and WHO)
	Cambodia Treatment Access Project		LAPDAP Antimalarial Drug Development
	International AIDS Vaccine Initiative (IAVI) – partners in the private sector include Boehringer Ingelheim, Bristol-Myers Squibb, GlaxoSmithKline, Merck & Co., Inc. & Roche Holding		Malaria Vaccine Initiative
	Infectious Diseases Institute		Medicines for Malaria Venture (MMV)
	Share – partners in the private sector include Abbott, Agouron, Boehringer Ingelheim, GlaxoSmithKline & Roche		Multilateral Initiative on Malaria (MIM)

Source: compilation from published company data.

Appendix 3: Statement calling for greater involvement of the private sector in the Global Fund in Round 5

The following communication was issued in May 2005 and addressed to Chairs of Country Coordinating Mechanisms. It reflects to a large extent the PSD concerns and hopes regarding operational partnerships involving private sector, or lack thereof.

May 2005

Dear Sir/Madam,

The Global Fund has just released its fifth call for proposals. This 5th Round comes at a critical moment in the existence of the Global Fund. From its inception in 2002 and through the first four rounds of proposals the Global Fund has established itself in close to 130 countries and is supporting 300 proposals worth US\$ 3.3 billion. As of 14 April 2005 the Global Fund had disbursed US\$ 1.1 billion.

These are significant achievements in a short period of time; however in some critical respects the Global Fund has not yet been able to fully deliver on its promise. Incorporating the full range of contributions from the private sector remains a challenge for the Global Fund process.

From the outset the Global Fund has been defined as a public/private device, a provider of additional financial resources incorporating the inputs of the Private Sector on its Governing Body and promoting the incorporation of private sector contributions in the functioning of Country Coordinating Mechanisms (CCMs) and in the implementation of programs.

While the private sector has continued to play an active role in the Governance of the Global Fund, CCMs have varied in the degree to which they have allowed adequate representation and encouraged private partners to play a significant role in national decisions and joint programming.

Overall there have been very few proposals submitted to the Global Fund including Private Sector inputs and, as a consequence, there are few programs supported by the Global Fund that benefit from private sector contributions. While uncertainty about the roles and modalities of the collaboration have been a challenge, there now seems to be a greater willingness on the part of country partners to encourage private partners to contribute to the process. This is why Round 5 represents a real opportunity for all partners at global level and at country level to call upon CCMs to fully support proposals that will incorporate contributions from the private sector, through:

- *Co-investment proposals - Partnering with companies to use existing business infrastructure, staff and management skills to support program implementation, increasing the impact of proposed funding.*
- *Other forms of direct contributions in support of regional or country CCM processes or services to increase the effectiveness and efficiency of programs.*
- *Technical Assistance - Partnering with companies who contribute their expertise in relevant disciplines, such as program management, supply-chain management, procurement, information technology, etc.*

.../...

.../...

With increasing involvement of communities of people living with AIDS, and non-government organizations, AIDS programs are achieving greater success, and lessening the burden on government. By enabling and encouraging additional participation and contributions from the private sector, with companies' contributions based on their core competence, we can envision an even greater impact of Fund-approved grants.

We believe it is our collective responsibility to rally the widest support to our urgent efforts in combating HIV/AIDS, TB and Malaria, and look forward to your support in ensuring that all sectors participate in the response. Only through these partnerships can we envisage that the huge social and economic burden of these diseases would be reversed.

Signed by:

*Richard Feachem
Executive Director, The Global Fund to Fight AIDS, TB, and Malaria*

*Rajat Gupta
Private Sector Delegation Chairperson, The Global Fund to Fight AIDS, TB, and Malaria*

*Richard C. Holbrooke
President and CEO, Global Business Coalition on HIV/AIDS*

*Carol Jacobs
Board Chairperson, The Global Fund to Fight AIDS, TB, and Malaria*

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