



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Ninth Board Meeting  
Arusha, 18-19 November 2004**

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**GF/B9/10**

## **REPORT OF THE RESOURCE MOBILIZATION AND COMMUNICATIONS COMMITTEE**

This paper summarizes the meeting of the Resource Mobilization and Communications Committee of the Board, which took place on 23-24 September 2004. Primary issues on the agenda included the Global Fund's Replenishment Mechanism and arrangements for its first meeting in 2005, the resource forecast for 2005, the timing of the Global Fund's next call for proposals, and debt conversion as a potential funding source for recipient countries.

### **Decision Points:**

The RMCC recommends that:

1. The Board requests the Secretariat to commission a background study of the options and choices available to the Global Fund in its fiscal management structure and processes.
2. The Board requests the MEFA Committee to pursue a review of the Comprehensive Funding Policy and report back to the Tenth Board meeting in April 2005.
3. The Board launches a Call for Proposals for Round 5 with the intention of reviewing and approving recommended proposals at the Eleventh Board Meeting in July 2005.

## **Part 1: Introduction**

1. The Resource Mobilization and Communications Committee met on 23 and 24 September 2004 under the leadership of its Chair, Mr. Stuart Flavell. The meeting agenda, the list of participants and the current Terms of Reference are attached as Annexes 1-3.
2. Mr. Flavio Lovisolò from Italy was nominated and confirmed as the new Vice Chair of the RMCC. Mr. Lovisolò accepted the nomination and stated that Italy would do its best for the Committee.

## **Part 2: Replenishment Mechanism Conference**

### **Candidates for Conference Leadership**

1. The Secretariat outlined the candidates proposed for Chair of the Replenishment Mechanism, as follows:
  - a. Mr. Kofi Annan, United Nations Secretary General, was asked by the NGO delegation at the Bangkok AIDS Conference whether he would consider taking on the role of Chair and expressed initial interest. Since then, the Secretariat has provided additional information to his office on the role and implications in terms of a time commitment.
  - b. Mr. Romano Prodi, President of the European Commission, was nominated by the European Commission and supported by the French delegation.
  - c. Dr. Sven Sandström, Director of the International Task Force on Global Public Goods, was nominated by the Point Seven delegation.
2. The Committee discussed the role of Chair in some detail, reviewed technical and political considerations, and talked about the possibility of dividing the conference leadership into two roles: one political and one organizational.
3. The Committee will recommend to the Chair and Vice Chair of the Board that UN Secretary-General, Mr. Kofi Annan, be considered for the political chairing of the Replenishment Mechanism; and that Dr. Sven Sandström be considered for an organizational role focusing on process and management.
4. The Committee then discussed possible roles for other nominees who had been proposed in response to the two calls for proposals. It was widely recognized by the Committee members that there was a need for the addition of high-level ambassadorial roles to the organizational structure of the Replenishment Mechanism, covering such areas as advocacy and representation, especially representation from recipient countries. The Committee warmly welcomed the nomination by the European Commission, supported by the French delegation, of Mr. Romano Prodi, President of the European Commission, to be a co-chair of the Replenishment Mechanism. The Committee, however, decided that there was a greater need for the technical expertise and experience with replenishment mechanisms provided by Dr. Sandström. The Committee agreed it would also consider for future roles other candidates mentioned by Board delegations but not officially nominated and would encourage the addition of further appropriate and representative personalities to ambassadorial roles.
5. The Committee recommended that Dr. Sven Sandström be asked to work with the Secretariat to help identify and clarify these roles, and to assume a managerial and process-oriented role. The Secretariat said it would invite Dr. Sandström to Geneva to discuss terms and conditions under which an offer of such a position would be acceptable, and that it would further pursue with the Secretary-General's office the terms and conditions of the conference leadership. The Committee asked the Secretariat to draft terms of reference for the roles based on these consultations.

## **Supporting Documents for the Conference**

6. The Secretariat outlined the set of four informational documents proposed for the first meeting on the Replenishment Mechanism in accordance with recommendations from the Eighth Board Meeting. The Committee approved the production of the reports as outlined, and Mr. Lennarth Hjelmaker of the Point Seven constituency reported that Dr. Sandström had reviewed the list of proposed documents and confirmed that they were in line with required documentation for a replenishment conference. These documents will need to be provided to conference participants in electronic form four weeks in advance of the meeting and supplied in print form at the meeting.

7. It was recognized that there was a great need for an agreed set of data specifying the global need for resources to address AIDS, tuberculosis and malaria and the role of the Global Fund in closing that gap. The Secretariat indicated that UNAIDS was about to convene a working group to look at global funding for HIV/AIDS and that the Secretariat was going to work with Roll Back Malaria and Stop TB on figures concerning these diseases.

## **Conference Timing and Location**

8. The Committee discussed the timing of the conferences on the Replenishment Mechanism. Numerous issues were taken into consideration, including other meetings and the preparation of the reports. It was decided that the first meeting would be held in March 2005, as the first Board meeting of 2005 was scheduled for April. It was decided that the second meeting would take place from 11-12 July in Geneva before the July Board meeting.

9. On behalf of Sweden and endorsed by his constituency, Mr Lennarth Hjelmaker offered to host the first Replenishment Conference in Stockholm in March, 2005, with dates and details to be organized by the Secretariat. The Committee gratefully accepted this generous offer.

## **Part 3: External Relations – Update and Work Plan/Budget 2005**

1. The Secretariat reported on the activities which had taken place in External Relations since the Eighth Board Meeting in June 2004.

2. A key event was the Partnership Forum in Bangkok, 7-8 July, which was very successful and brought together approximately 400 stakeholders. The Forum produced a set of recommendations for consideration by the Board at the Ninth Board Meeting in November.

3. The Secretariat reported on the special challenge in 2004 of ensuring the receipt of non-US contributions before key deadlines so that the US contribution would not exceed 33 percent. There was a very good response to this requirement from non-US donors, and most had transferred their 2004 pledges to the trustee account before July 31. As of August 31, the Fund had received US\$ 918 million from non-US donors. The Secretariat indicated that the UK had also just announced an additional £3 million pledge in response to an appeal made by Nelson Mandela, Bono and Jack Valenti to key donors to maximize the US contribution.

4. Delegates outlined some of the resource mobilization efforts being undertaken on behalf of the Global Fund, including an initiative by the Foundations delegation to put in place a system of bridge funding. The Italian delegate outlined the current status of the Italian contribution.

5. The Secretariat then presented the outreach campaign that was launched on Sept. 2, 2004 in Paris to raise awareness of the Global Fund among the general public in France. The campaign involved a series of newspaper, magazine, TV and cinema advertisements placed in prominent French media.

The ads, valued at more than US\$ 1 million, had been produced and distributed with the pro bono support of the Publicis Group. The Secretariat indicated that the next countries slated for a campaign launch were the UK, Italy, Germany and Japan.

6. The Committee congratulated the Secretariat on its hard work, expressed gratitude for the support from Publicis and recommended that the Committee be drawn on for input to the core messages of the Global Fund. Specific points were made regarding the lack of development focus in the ad, the use of a syringe in one print ad photo and the selection of Glasgow as the setting for the TV ad. The difficulties of pro bono relationships with private sector companies were touched on and a suggestion made that clear terms of engagement be entered into before the relationship was developed.

7. The Secretariat highlighted the opportunities and challenges ahead in 2005, reporting that it was clear that considerable political commitment was required to increase contribution levels in any significant way, which would in turn require that the Global Fund and the three diseases be at the top of the international agenda. A number of high-level international events in 2005 could provide a platform for strong support to increase funding, including the G8 Summit and the UK's presidency of the EU. The Global Fund's key resource mobilization instrument linked to these political processes will be the Replenishment Mechanism. Demonstrating results will be an important element of the Global Fund's work and particularly important in the lead-up to the first conference of the Replenishment Mechanism.

8. The Committee touched on the need for communications work in recipient countries, saying it would help the Global Fund increase political support. A suggestion was made to organize tours for journalists and politicians to Global Fund-supported projects to report back to the general public. The Foundations delegation said they would give some thought to how they could support this work.

## **Part 5: Resource Needs 2005**

### **Resource Forecast**

1. The Secretariat's Chief Financial Officer outlined the financial forecast for 2005 and where the Secretariat expected to be by the end of 2004.

2. Discussion followed on the resource forecast for the Board. It was agreed that the resource forecast for 2005 presented to the Board in November should include income (based on confirmed pledges, as per the Board's resolution) and expenses (based on current estimates of operating expenses and expenditures for Rounds 1-4). In addition, information on expected income based on previous experience would help the Board in its discussions on Round 5. In September 2003, pledges totaled US\$ 680 million for 2004 but actual contributions for the year will be upwards of US\$ 1.5 billion. In 2005, it is likely that there will again be a larger amount of actual contributions than the current total of pledges for the year.

### **Comprehensive Funding Policy**

3. The Committee discussed the Comprehensive Funding Policy (CFP) in the context of the emerging Replenishment Mechanism, as long-term predictability might affect the management of liquid assets. There was support for a re-examination of the CFP within the emerging replenishment process although concerns were also raised in particular from Japan to reopen the current policy if it would lead to a less conservative policy. The Committee also noted the importance of building an understanding of the Global Fund's financial structure and its needs for large amounts of capital in order to secure committed grants. It was recognized that the CFP was one of the issues identified by the Partnership Forum as a subject for reconsideration.

4. There followed Committee discussion about elements of the policy and ways to move the issue forward. It was noted that the Global Fund must retain the ability to learn and change, and that any recommendation to the Board to revisit the CFP must be seen in this light.

5. The Committee further discussed the shortcomings of the current system, whereby enormous sums of money held for long periods of time against approved commitments were being awarded rates of interest inconsistent with the principles of good fiscal management.

6. The Secretariat noted that Board document GF/B7/10 on the Purpose and Scope of Voluntary Replenishment stated that the introduction of a replenishment mechanism would allow the Fund to establish more efficient liquidity management and to reduce to a minimum idle cash balances. It was suggested that the Secretariat investigate the acquisition of expert advice on fiscal options available.

**Decision Point 1:**

***The Board requests the Secretariat to commission a background study of the options and choices available to the Global Fund in its fiscal management structure and processes.***

**There are no material budgetary implications for this decision point as it is anticipated that this study can be done on a pro-bono basis.**

**Decision Point 2:**

***The Board requests the MEFA Committee to pursue a review of the Comprehensive Funding Policy and report back at the Tenth Board meeting in April 2005.***

**There are no material budgetary implications for this decision point.**

**Part 6: Round 5**

1. In regard to Round 5, the Secretariat reported that in addition to the general urgency of funding for responses to the epidemics, the 3x5 initiative and the recommendation from the Partnership Forum calling for Round 5, there were a number of large ARV proposals in Round 4 that had narrowly missed approval and were put in category 3 [encouraged to resubmit]. For these large grants the actual need or the capacity of the country to absorb the funds was not put into question. These proposals alone made the need for a new round quite urgent in order for the countries to resubmit.

2. The Committee proceeded to discuss available resources and possible dates, given the Global Fund's prior experiences and precedents. Bearing in mind the timescale needed for making a call, the preparation of proposals, consideration by the Technical Review Panel and submission of recommendations to the Board, only the July or November Board meetings offered themselves as appropriate dates for grant approval. The Committee also noted the work accomplished by the PMPC on guidelines for Round 5, with extra time requested for review and consideration from the TRP.

3. The Chair noted, however, that the deciding factor for the board in considering approvals for a new round are the funds available at the time of the approval and not at the time of the call for proposals.

4. It was agreed that the announcement of a new call in and of itself would have a profoundly positive effect on the level of expectations of both donors and recipients. It was noted particularly that if there were to be no new rounds of proposals launched in 2005 then there would be no incentive for donors to renew or increase pledges and therefore no likelihood of success for resource mobilization efforts.

**Decision Point 3:**

***The Board launches a Call for Proposals for Round 5 with the intention of reviewing and approving recommended proposals at the Eleventh Board Meeting in July 2005.***

**Budgetary implications of this decision point:**

**This decision point would have budgetary implications estimated to be about US\$ 6.8 Million including US\$ 5.4 Million for LFA fees and US \$ 1.4 Million for Secretariat and TRP costs.**

**Part 7: Debt Conversion for AIDS**

1. The Secretariat outlined the initiative on Global Fund Debt Conversion (GFDC) as had been requested by the Partnership Forum. The basic idea is to convert a portion of the international debt of developing countries into an investment in a Global Fund-approved program. Several Global Fund recipient countries have high disease burdens, high debt burdens relative to their economies and no access to the Highly Indebted Poor Countries (HIPC) initiative. Examples include Nigeria, Kenya, Swaziland, Zimbabwe, Peru, Cambodia, Indonesia, Pakistan and Haiti.
2. GFDC would target high-performing programs at the renewal phase only. It would increase financing of renewed grants, reduce the debt obligations of debtor countries and afford creditor nations a significant, quantifiable way to write off debt and see the concrete benefits of such write-offs while contributing to the fight against the pandemics.
3. While the GFDC initiative is being pursued in partnership with UNAIDS, which has explored the idea of debt swaps for HIV/AIDS, it is a narrower, Global Fund-focused initiative that would target only a few countries, at least in the beginning. Initial research has identified a number of countries, mainly in Asia and Latin America that could be candidates for this approach. In Africa, the countries that could be eligible are not yet at a stage of program implementation where they could be in the first phase of the GFDC initiative.
4. The Secretariat concluded by summarizing next steps: technical feasibility studies of a few countries undertaken by an independent consultant; identification of donors interested in participation; and matching recipients with donors.
5. The Committee realized that the question of debt conversion for AIDS was very complex and required substantial work. Some delegations raised concerns about the feasibility and the support this initiative would receive from donor administrations.
6. The Committee congratulated the Secretariat on this important initiative and asked the Secretariat to ensure these findings on Global Fund Debt Conversion were included in future Board reports for information.

**Part 8: Friends of the Global Fight**

1. The Chair welcomed Mr. Ed Scott and his wife, Mrs. Cheryl Scott, as visitors to the RMCC meeting. Mr. Scott is the founder and chair of the Board of Friends of the Global Fight, an independent US-based organization that advocates for increased support for AIDS, TB and malaria. He is also the founder of the Center for Global Development, an organization which does work on debt and trade, and co-founder of DATA (Debt, AID, Trade Africa) with George Soros and Bill Gates, with Bono as spokesperson. Mr. Scott informed the Committee that the Center for Global Development had recently

published a report on the Global Fund by Steve Radlett and would soon be undertaking an independent evaluation of the Global Fund, also led by Mr. Radlett.

2. Mr. Scott shared some thoughts on the Global Fund, made in a personal capacity, regarding the critical need for sustained support from the US, the uniqueness of the US system of appropriation and the significant competition for US resources. Mr. Scott said that PEPFAR had substantial support and strong and visible leadership, and was able to show impact on the ground – something desired by the American public. He noted that people on both the right and the left of the political spectrum in the US were still very supportive of the Global Fund, and that Bono had been particularly effective at de-politicizing many of the issues.

3. The Committee agreed that the work of Friends of the Global Fight was very important to the Global Fund and briefly discussed with Mr. Scott the idea of working beyond the political level to engage with the general public, as Friends of the Global Fight had done through their recent video production and its distribution through organizations such as Results in the US. The Committee asked the Secretariat to keep them informed of the activities of Friends of the Global Fight and other "Friends" organizations as they progressed.

**Resource Mobilization and Communications Committee Meeting,  
Global Fund Offices, Geneva, 23-24 September 2004**

**AGENDA**

**23<sup>rd</sup> September 2004**

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|-------|--|--|
| 11.30 | Registration & lunch   |  |
| 13.00 | Welcome  | Stu Flavell                              |
| 13.30 | Friends of the Global Fight in the US                                  | Ed Scott (Chair of the Board of Friends) |
| 14.00 | Nomination of Vice-Chair for RMCC                                      | All                                      |
| 14.30 | Update on External Relations Strategies, work plan and budget for 2005 | Christoph Benn                           |
| 15.30 | Coffee Break   |  |
| 16.00 | Resource Forecast for 2005   | Barry Greene                             |
| 17.00 | Debt Conversion for AIDS   | Christoph Benn                           |
| 17.30 | End of Day   |  |

**24<sup>th</sup> September 2004**

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|-------|---|-----|
| 08.30 | Coffee Available  |     |
| 09.00 | Replenishment Mechanism – Nomination of chair   | All |
| 10.45 | Coffee Break  |     |
| 11.00 | Replenishment Mechanism – Production of documents required  | All |
| 12.30 | Lunch   |     |
| 13.30 | Replenishment Mechanism – Timeline for 2005 and potential interaction between the replenishment mechanism and the comprehensive funding policy of the Global Fund | All |
| 15.00 | Any other business  |     |
| 15.30 | Meeting adjourns  |     |



**Committee Members in Attendance:**

Chairperson	Mr. Stuart Flavell
Italy	Mr. Flavio Lovisolo
Japan	Mr. Tamotsu Ikezaki
United States	Mr. Scott Evertz
NGO Developed	Ms. Michele Sumilas
Foundations	Mr. Michael Madnick
Private Sector	Mr. Jeffrey Sturchio
South East Asia	Dr. Chrunnurtai Kanchanachitra
Latin America	
& Caribbean	Ms. Claudia Guerrero Monteza
UNAIDS	Mr. Ben Plumley

**Guests & Observers:**

Mr. Ed Scott, Chair, Friends of the Global Fight  
Mrs. Cheryl Scott  
Mr. Lennarth Hjelmaker, Board member (Point Seven)  
Ms. Hilary Sunman, Observer, UK  
Mr. John Larkin, Observer, Booz Allen

**Members of the Secretariat in Attendance:**

Dr. Christoph Benn  
Ms. Mariangela Bavicchi  
Mr. Kingsley Moghalu  
Mr. Rajesh Anandan  
Ms. Dianne Stewart  
Mr. Tim Clark  
Ms. Adele Sulcas  
Ms. Susan O'Leary  
Mr. Barry Greene  
Mr. Jon Liden

### **Resource Mobilization Committee of the Board – Terms of Reference**

1. Support the development of projections of resource needs and the development of strategies to achieve mobilization targets, especially through the cooperative work of Board members and constituencies;
2. Review the analysis of the financial status of pledges and contributions to date and look at this status in light of the approved proposals, grant agreements and actual disbursements to date;
3. Review the on-going approach to Resource Mobilization and the development of fundraising policies;
4. Develop further innovative ideas to raise additional resources;
5. Review the communications strategy of the Global Fund; and
6. Develop communications policies consistent with the on-going fundraising policies.