



Investing in our future

**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

28 February 2007

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## **REPORT OF THE GLOBAL FUND TASK TEAM ON RESOURCE MOBILIZATION**

**Outline:** This report of the Global Fund Task Team on Resource Mobilization examines the challenges and opportunities to be addressed by the Global Fund Board of Directors and Secretariat, particularly its External Relations Unit, in meeting the resource needs of the Global Fund. In response to its terms of reference, the task team proposes a series of strategic recommendations for consideration by Global Fund leadership and outlines additional staff and resource capacity requirements. The recommendations that follow are prioritized by those sectors the task team believes can have the most dramatic and immediate impact on enhanced resource mobilization, beginning with the public sector and investment income, and continuing with strategies for mobilizing resources from the private sector and through innovative finance mechanisms.

## **PART 1: INTRODUCTION & EXECUTIVE SUMMARY**

1. The Global Fund to Fight AIDS, Tuberculosis and Malaria was created in 2001 to dramatically increase resources to fight three of the world's most deadly diseases that combined kill over 6 million people every year. As a partnership between donor governments, civil society, the private sector, and recipient countries, the Global Fund provides an innovative approach to international health financing. To date, the Fund has committed over \$6.8 billion in 136 countries to support interventions against HIV/AIDS, tuberculosis and malaria. The Fund so far has mobilized sufficient resources so that not a single proposal from a recipient country recommended by the Technical Review Panel (TRP) has been denied due to lack of resources.

2. In an extraordinarily short time period, the Global Fund and its partners have made remarkable achievements. There exists a sophisticated and transparent process for administering resources within a results-driven approach. The Fund continually builds donor confidence by demonstrating the strength of its model and the impact of donor contributions in support of national priorities, plans, budgets and systems in those countries where the needs are greatest. The most compelling testimonies of the Fund's impact—the basis of the argument to take on a more ambitious role in the fight against the three diseases—are the hundreds of thousands of lives the Fund and its partners have already saved.

3. Income has grown steadily, with the greatest increases occurring between 2005 and 2006 when contributions reached \$2.2 billion per annum. The current rate of growth, however, is insufficient to meet overall increased needs from recipient countries. The Fund's current board-led mandate—to move beyond the maintenance of current programs, to make a significant contribution toward meeting G8 and UN commitments, and to work towards achieving the health-related Millennium Development Goals—requires a more robust mobilization strategy.

4. In November 2006, on the recommendation of the Finance and Audit Committee (FAC), the Global Fund Board of Directors appointed a task team on resource mobilization to aid the Board and the Secretariat in addressing these challenges. Early in its deliberations, the Resource Mobilization Task Team (the task team) determined that a new framing of resource mobilization needs must be considered in a wider context, one dependant on concrete expressions of demand derived from an even more collaborative process based upon national ownership and leadership involving each of the Fund's critical stakeholders—the recipient countries, donors, civil society, technical agencies, and the private sector.

5. The task team recognizes the financial needs for fighting all three diseases transcend the current target amounts being considered. UNAIDS, STOP TB Partnership, and Roll Back Malaria estimate the global need to fight the three diseases to reach \$30.7 billion by 2010. Thus, the task team concludes that its recommendations and the Global Fund's resource mobilization strategy should be developed based on concrete expressions of demand to the Global Fund specifically. Framing the approach in this way serves to reinforce commitments of the G8 countries, other donors, and recipient countries in fighting the three diseases.

6. This report introduces and prioritizes specific recommendations, strategies and tactics for scaling-up staff and resource capacity to enhance resource mobilization within the public and private sectors, investment income and innovative finance mechanisms. This framework is centered on the development or refinement of a process that aims to achieve unimpeachable and concrete expressions of demand based on national priorities, plans and budgets, and developed with the support of UNAIDS and its co-sponsors, WHO, the Global Fund, and other development partners. Specific to HIV/AIDS, the task team recognizes that the member states of the United Nations, in the Political Declaration adopted by the General Assembly on June 2, 2006, pledged to provide the highest level of commitment to ensuring that costed, inclusive, sustainable, credible and evidence-based national plans are funded and implemented with transparency, accountability and effectiveness in line with national priorities.

7. In its deliberations, the task team reflected on voluminous amounts of existing research and baseline data, draft strategies, and, most notably, the advice and counsel it garnered through a comprehensive stakeholder outreach process. In all, 107 key stakeholders with considerable expertise in global health and resource mobilization were identified, and, against a goal of 25 completed interviews, 66 stakeholders offered relevant advice and counsel to the task team in the development of this report. All this, and the development of a web portal, multiple conference calls, and one in-person meeting in Geneva, was accomplished within an ambitious 90 day timeframe.

## **PART 2: DECISION POINTS**

In conjunction with this report, the task team submits to the Global Fund's Finance & Audit Committee (FAC) and Policy & Strategy Committee (PSC) the following decision points for consideration by the Global Fund Board of Directors:

### **Decision Point 1: Prioritization of Income Sources**

The Board acknowledges receiving the Report of the Global Fund Task Team on Resource Mobilization and affirms the task team's prioritization of the Fund's income sources, beginning with the public sector and investment income, and continuing with the private sector (non-governmental funding) and innovative finance.

### **Decision Point 2: Setting the Appropriate Target**

The Board endorses setting resource mobilization targets based on concrete expressions of demand derived from the input of all Global Fund stakeholders—recipient countries, donors, civil society, technical agencies, and the private sector—as this represents an evidence-based method for mobilizing resources and setting appropriate fundraising targets.

The Board acknowledges that employing this methodology in setting resource mobilization targets requires that all participants within the Fund's partnership model contribute effectively. Thus, with sensitivity to the Fund's role in combating the three diseases, the Board directs the Secretariat, in collaboration with the PSC to identify the appropriate processes and mechanisms that must be in place to enhance the quality and expand the scale of demand and to encourage the engagement of all partners as early in the proposal development process as possible.

### **Decision Point 3: The Global Fund Case for Support & Communication Plan**

The Board recognizes that the foundation of the Fund's resource mobilization strategy is its case for support.

In this context, the Board notes:

- i. The Fund must demonstrate the comparative advantages of its model in terms of results, performance and impact in the fight against the three diseases;
- ii. The unimpeachable and concrete expression of demand must be clearly branded and communicated across broad audiences in a more comprehensive, consistent and sustainable way; and
- iii. Building strong political will to increase ODA is absolutely critical if the Fund is to move to a demand-driven target for resource mobilization.

Further, the Board acknowledges that enhancing the Fund's current communication and marketing efforts while also harnessing the communication and marketing strengths of its partners will collectively serve to amplify the Fund's message in conveying a strong, clear, and

definitive case for support across a broad spectrum of stakeholders. In so doing, the Fund will build awareness, create a welcoming environment for engaging stakeholders and generate momentum for its resource mobilization efforts.

The Board authorizes the Secretariat to begin making initial investments, as defined by the Secretariat and reviewed by the FAC, toward the development of a more comprehensive and robust communication, branding and marketing plan. The Board requests the Secretariat provide by the Sixteenth Board meeting a recommendation for continued funding from 2008 onwards. Such recommendation shall include a fully developed communication and marketing strategy and corresponding funding needs for additional staff and resource capacity.

#### **Decision Point 4: Mobilizing Resources within the Public Sector**

The Board concurs with the task team's determination that through 2010 and well into the foreseeable future, public sector contributions will continue to represent the largest source of income received by the Global Fund in the fight against the three diseases. The Board also agrees that the Global Fund must appropriately invest in its resource and staff capacity to mobilize additional resources from the public sector.

In this context, the Board notes:

- i. The Fund's executive director and the Board, particularly its chair and vice chair, have a role in demonstrating international leadership in advocating on behalf of the Fund, and in reinforcing the Secretariat's efforts in advocating within Member's respective countries and constituencies;
- ii. Evaluating and increasing as appropriate the staff capacity within the Secretariat for governmental relations, donor cultivation, solicitation, stewardship, outreach, and communication is necessary;
- iii. Securing Board representation by all donors through a transparent system for donor seat allocation based on contributions to the Fund is ideal, and that such a system may imply that donors periodically redistribute seats to reflect actual current contributions and make space available within existing constituencies for new donors;
- iv. Deepening relationships with G8 countries and other major donors while cultivating relationships with prospective donors (including those representing emerging economies) will result in increased resource flows; and
- v. In conjunction with a more robust communication, marketing and branding strategy, nurturing relationships with key partner organizations, including the Friends organizations, and additional enhancements to this network, will have added dimensions of increased support and awareness across all income sources.

Therefore, the Board authorizes the Secretariat to begin making initial investments, as defined by the Secretariat and reviewed by the FAC, in enhanced resource and staff capacity for the External Relations Unit to mobilize additional resources from the public sector. The Board directs the Secretariat to develop specific strategies and work plans that position the Fund to achieve the objectives outlined within the task team's report. The Board requests the Secretariat provide by

the Sixteenth Board meeting a recommendation for continued funding from 2008 onwards. Further, the Board requests that conditions for continued funding be established with appropriate benchmarks so that qualitative returns on this investment can be measured.

#### **Decision Point 5: Investment Income**

The Board recognizes its fiduciary role in the stewardship of the Global Fund's assets and takes seriously its trusteeship of donor investments in the fight against the three diseases. The Board also acknowledges the potential exists for increased returns on the investment of the Fund's cash balance and concurs with the task team that such opportunities deserve careful exploration.

In principle, the Board agrees:

- i. Optimizing investment income earned on the Fund's cash balance would fulfill several strategic resource mobilization objectives;
- ii. Leveraging the cash balance to both avert risk through diversification and maximize investment returns within parameters used by other global peer institutions is reasonable.

The Board moves to form a six-member investment committee composed of three members of the Board and three non-members with extensive finance and investment management experience to give this matter careful attention and provide by 1 October 2007 a series of investment policies and guidelines for the Board's action at the Sixteenth Board meeting.

#### **Decision Point 6: Private Sector**

The Board acknowledges the efforts of the External Relations Unit in the commencement of a comprehensive resource mobilization strategy within the private sector (non-governmental sources of income). The Board concurs with the task team's recommendations that further development of this income source is warranted, and that such efforts should focus on leading corporations, foundations, high-net worth individuals and consumer-focused campaigns.

The Board authorizes the Secretariat to begin making initial investments, as defined by the Secretariat and reviewed by the FAC, in enhanced resource and staff capacity for the External Relations Unit to mobilize additional resources from the private sector. The Board directs the Secretariat to develop specific strategies and work plans that position the Fund to achieve the objectives outlined within the task team's report. The Board requests the Secretariat provide by the Sixteenth Board meeting a recommendation for continued funding from 2008 onwards. Further, the Board requests that conditions for continued funding be established with appropriate benchmarks so that qualitative returns on this investment can be measured.

#### **Decision Point 7: Innovative Finance**

The Board acknowledges the task team's guarded yet optimistic posture surrounding the role of innovative finance in the Fund's resource mobilization efforts and concurs with the task team's

recommendations that the Fund's close collaboration with innovative finance mechanisms should continue.

Accordingly, the Board authorizes the Secretariat to begin making initial investments, as defined by the Secretariat and reviewed by the FAC, in enhanced resource and staff capacity for the External Relations Unit to mobilize additional resources from innovative finance mechanisms. The Board directs the Secretariat to develop specific strategies and work plans that position the Fund to achieve the objectives outlined within the task team's report. The Board requests the Secretariat provide by the Sixteenth Board meeting a recommendation for continued funding from 2008 onwards. Further, the Board requests that conditions for continued funding be established with appropriate benchmarks so that qualitative returns on this investment can be measured.

#### **Decision Point 8: Looking Beyond 2010**

The Board acknowledges the need for long-term focus and investment in resource mobilization beyond 2010 and directs the Secretariat to provide by the Seventeenth Board meeting a comprehensive multi-year resource mobilization strategy that builds on the task team's recommendations and incorporates attendant policy, capacity, communication and marketing, and other strategic considerations for the Board's consideration.

### **PART 3: SETTING THE APPROPRIATE TARGET**

1. The task team considered ways in which the Fund could ensure that substantially more support would be raised from current and prospective donors. The task team agreed that a more inclusive approach is required and that resource mobilization targets should ideally be based on estimates of global need, ambitious country plans for scale-up and concrete expressions of demand.

2. The idea of concrete expression of demand came only after careful consideration of the two size options identified in the task team's terms of reference. While mindful of the massive financial needs to fight the three diseases, neither size option was based on a strategy to determine appropriate resource mobilization targets. Further discussion and conclusions about these target levels suggest that:

- i. Option B (\$4 - \$6 billion annually by 2010) is based on the assumption that current portfolio demands continue and an annual round of new grants requiring \$1.5 to \$2.5 billion is added; the task team believes that the assumption that each round that will require \$1.5 to \$2.5 billion does not reflect a level of ambition commensurate with overall needs;
- ii. Option C (\$8 - \$10 billion annually by 2010) is based on an assumed share that the Fund would contribute toward achieving the Millennium Development Goals (MDGs); this assumption does not reflect concrete expressions of demand as demonstrated by the number and size of sound applications submitted to the Fund, nor does it reflect other critical factors, such as how structures and systems in recipient countries can be prepared to absorb such levels of funding.

3. Thus, the task team concludes that the size options are not particularly helpful in determining resource mobilization targets or dictating a resource mobilization strategy. The task team believes developing concrete expressions of demand based on national priorities, plans and budgets and derived through a more collaborative process involving the Fund's critical stakeholders—donors, civil society, technical agencies, and the private sector—represents a more promising evidence-based method for increasing resources and establishing targets. Considering that the current funding cycle is based on annual funding rounds that reflect expressions of demand, a demand-driven model is already in place to some degree. It is important to point out however, that the Fund has identified factors which may limit this expression of demand:

- i. Applicants may be hesitant or relatively modest in submitting proposals because available funding streams thus far have not been perceived to be sustainable and/or predictable;
- ii. The lack of trust in the predictability of funding has hampered either full expression of real need or confidence in complete execution;
- iii. Insufficient or inadequate technical assistance has limited the success rate and the size of the applications;



iv. Broader based channels for distributing funds including civil society, the private sector and faith based organizations have not been fully explored.

5. The task team notes that measures proposed in the Fund's Four Year Strategy; the predictability of rounds; efforts to facilitate better alignment with national priorities and plans; better harmonization among development partners; and, more sustainable funding programs will potentially have a positive effect on both the donors' willingness to finance and the recipient countries' willingness and ability to invest in the preparation of proposals, thus resulting in enhanced quality, size and scale. The task team believes this willingness should be augmented with appropriate operational approaches that strengthen the engagement and build the confidence of all stakeholders, especially the recipients, as early as possible in the proposal development process. Doing so, the task team believes, will generate an increase in quality and concrete expressions of demand that will reflect mutual understanding of and confidence in resource mobilization needs.

6. More directly put, the task team suggests that in order to achieve an ambitious expression of demand affirmed by all stakeholders, the partnership model—composed of the recipient countries, donors, civil society, technical agencies, the private sector and the Secretariat—requires that all participants contribute effectively. The task team recommends that the Global Fund, in close collaboration with its partners and in consultation with recipient countries, identify the appropriate processes and mechanisms that need to be put in place to enhance the quality and expand the scale of demand. This review should build on, but not be limited to, the task team's recommendations and appropriate followup by the Global Implementation Support Team (GIST). The task team also recommends that the Board build the capacity and allocate the resources necessary to enhance the engagement of these constituencies early in the proposal development process.

## **PART 4: RESOURCE MOBILIZATION IN THE PUBLIC SECTOR**

1. Pledges from and contributions paid by the public sector represent the largest source of income received by the Global Fund in the fight against the three diseases. The task team ranks the public sector as the Global Fund's highest resource mobilization priority and places renewed emphasis on substantially increasing contributions from this sector. The task team recognizes the Fund's tremendous success in raising unprecedented amounts in a short period of time from G8 countries and other major donors. This is due in large part to strong political will among the donor countries, the donors' regard for the Fund as an innovative, flexible and transparent mechanism, the Fund's results-oriented approach to grant making, and the focus on ensuring performance and accountability.

2. The task team recognizes the need to identify the most relevant factors for the decision-making process in the public sector (i.e. what aspects are most critical for ministers and other decision makers when considering support for the Global Fund and other institutions?). The task team notes that efficiency, effectiveness, long-term impact and sustainability are examples of critical factors to be addresses in these processes. There must be a clear understanding of the effective functioning of the Global Fund within the broader global architecture, including a clear division of labor between the Fund and other development partners.

3. The task team also notes the need for balance between the exceptional response required by the urgency of the three diseases and the need to ensure that support for the diseases is part of a broader development agenda. The task team stresses the need for national ownership and leadership and for countries to develop priority action plans that drive implementation, improve oversight, emphasize results and provide a solid basis for the alignment and harmonization of support from the Global Fund and other development partners.

4. Discussion of building capacity centered on developing strategies and appropriate tactics for engaging partners and potential new donors. Specifically, the task team considered:

- i. The replenishment process as a key mechanism for resource mobilization among public donors and way to engage new donors; the second replenishment cycle should increase predictability of funding by encouraging multiyear pledges and build consensus among donors on agreed upon funding targets;
- ii. For those donors whose funding decisions are not focused on the replenishment, a broad political consensus in the donor capitol is essential to maintaining and increasing commitment, requiring intense interaction among advocates in those countries, considerable support amongst decision influencers, and direct and often intense interaction by the Secretariat;
- iii. The need to encourage donors to do more by leveraging their concerns and domestic values, approaches to development, domestic pressures to respond from a humanitarian perspective, and their commitments to reaching increased Official Development Assistance (ODA) targets;

- iv. Burden sharing and the political viability of using this as a mechanism for increasing resources from donors and non donors was discussed, though there was consensus that burden sharing was not a viable option at this time;
- v. Several participants in the stakeholder outreach process suggested that exit strategies should be developed for recipient countries now capable of effectively combating the three diseases without additional investments by the Fund; this includes strategies to encourage middle income countries to take over a larger share of their expected resource needs, to reduce program costs in collaboration with other partners, and to support long-term planning at the national level; Russia was cited as a positive role model in evolving toward such solutions where possible.

5. To achieve these strategic goals, the task team has developed the following recommendations for consideration by the leadership of the Global Fund:

**1. Promote the increase in ambitious expressions of concrete demand for financial support from the Global Fund with all key partners participating in its development.**

- i. Empower national ownership and leadership and encourage recipient countries to prepare national plans to fight the three diseases and provide entry points for non-governmental partners in this process;
- ii. Promote better coordination between donors, recipient countries, technical agencies, bilateral agencies, and civil society to enhance the quality and expand the scale of demand;
- iii. Review the structure and role of Country Coordinating Mechanisms (CCMs), including the role of the private sector, to facilitate the further development of the Three Ones Principle;
- iv. Enhance resources and increase Secretariat staff capacity to support these partnerships and promote better coordination to ensure that all partners participate in a process that will develop concrete expressions of demand.

**2. Further develop the Fund's case for support within the public sector to ensure increased resource flows.**

- i. Demonstrate the comparative advantage of the Global Fund model in terms of results, performance and impact based on national ownership and leadership as part of the global response to HIV/AIDS, tuberculosis and malaria;
- ii. Develop, strengthen and maintain close long-term relationships with all major donors including key decision makers, parliamentarians and others as their influence in donor countries is critical to ensuring support, an effective legislative process, and institutionalization/sustainability of support for the Fund; the task team recommends that the Board reinforce and extend the current capacity of the Secretariat to undertake this in a more comprehensive, consistent and sustainable way;

- iii. Convey concrete expressions of demand derived from a much deeper partnership between recipient countries, donors, civil society, technical agencies and the private sector in the proposal development process;
- iv. Communicate the core strengths of the Global Fund using testimonials of beneficiaries and donors, and consider harnessing the communication strengths of partners to amplify the message; the task team recommends the Board ensure there is sufficient capacity within the Secretariat to plan and implement advocacy campaigns aimed at increasing support from key public donors;
- v. Without intent to minimize the critical importance of the Secretariat's capacity for donor relations, further enhance the concept and increase the network of Friends of the Global Fund worldwide; existing Friends organizations may serve as models for similar groups in other regions such as Australia/ Pacific, South Asia, China, Eastern Europe, the Middle East, Latin America and the Caribbean;

**3. Delineate the roles of the Board and the Secretariat in resource mobilization, and provide resources to build capacity for the Secretariat to support partner relationships.**

The task team believes it is appropriate for the Global Fund to invest in optimal capacity to both steward and encourage increased contributions from current donors and cultivate relationships with new partners including those who may not have the ability to give at the highest levels. Such "total global engagement" builds credibility and momentum while contributing to the sense of urgency.

The task team believes it is the role of the Board to:

- i. Express the need and provide the capacity for the chair and vice chair to take an international leadership role in advocating on behalf of the Fund and to reinforce the role of other Board members in advocating within their respective countries and constituencies;
- ii. Secure Board representation by all donors through a transparent system for donor seat allocation based on contributions to the Fund; such a system might imply that donors redistribute seats periodically to reflect actual contributions and make space available for new donors;
- iii. Consider the option of bundling smaller contributions from public sector donors to qualify for a board seat so as to empower these donors to participate fully in the Fund.

Further, the task team believes it is the role of the Secretariat to:

- iv. Evaluate and increase as appropriate the staff and resource capacity within the Secretariat for governmental relations, donor stewardship, outreach, communication, and support as appropriate, reaffirming that the Global Fund must ensure it invests sufficient resources to steward and engage its most important base, which for the foreseeable future, will continue to be the public

sector; current dedication of resources within the Secretariat for the public sector does not reflect this level of priority;

- v. Provide focal points for new donors, utilizing consultants or outsourced expertise as needed;
- vi. Consider the establishment Global Fund staff postings outside Geneva to more proactively engage parliamentarians and other government leaders in the longer term, deepen relationships that transcend political elections and parliamentary changes; this function may be partly “outsourced” to the independent Friends organizations, but only with appropriate Secretariat support staff and with the recognition of resource needs among the Friends organizations to promote this level of engagement; recognize each Friends organization needs a minimum level of support in terms of dedicated Secretariat staff familiar with the specific challenges, culture and languages of the relevant country or region;
- vii. Continue to deepen relationships with G8 countries and other major donors and prepare specific plans and campaigns to engage G8 host countries;
- viii. Position the Global Fund as a top priority in parliamentary agendas and, as appropriate, the electoral campaigns in major donor countries in collaboration with the Friends organizations and other partners;
- ix. Build dedicated capacity to explore greater contributions from emerging economies (e.g. China, India, Russia) which have experienced the benefits of the Global Fund and have the financial capacity to become significant donors to the Fund;
- x. Present the Global Fund as a suitable instrument to channel resources of oil rich countries to countries in greatest need; this requires dedicated staff with extensive knowledge of the networks and decision-making processes in these prospective donor countries.

**4. Strengthen and enhance the Fund’s communication and marketing efforts to build awareness, create a welcoming environment for engaging stakeholders and generate momentum for resource mobilization efforts.**

Major steps would require that the Board and the Secretariat, working together and with necessary assistance from partner organizations:

- i. Carefully target communication plans, staff and outlets to better communicate and market the Fund’s core strengths as the best vehicle to combat the three diseases by demonstrating its performance and impact utilizing communication tools including five-year evaluations, impact reports, exhibits, the web, audiovisual programming and special events;
- ii. Nurture relationships with key structures representing influential voices of recipients such as the African Union, CARICOM and ASEAN;
- iii. Work closely with civil society and advocacy groups (especially Friends Africa) in donor countries to provide accurate information about the Global Fund and to align messages about its achievements and resource needs;

- iv. Engage partners in the Global South to better communicate their resource needs, compare results, and share best practices;
- v. Strengthen strategic efforts to build better visibility for the Fund in local and international media outlets through key opinion formers, site visits, and training and briefing reporters to maximize the potential for news coverage;
- vi. Use platforms such as international conferences, the World Economic Forum and UN Assemblies to present the Global Fund as an effective instrument created to achieve commonly agreed upon goals in an effort of global solidarity;
- vii. Develop effective communication pieces for recipient countries in order to drive demand.

## PART 5: INVESTMENT INCOME

1. The Global Fund earns investment income on contributions it has received from donors for the financing of specific programs not yet disbursed to recipients. These funds, managed by The World Bank (who serves as trustee), totaled approximately \$3.1 billion at the end of 2006. The investment portfolio yielded a return of 4.5 percent in 2006, producing an income of \$126 million; fees paid to the World Bank for its services as trustee totaled approximately \$2.4 million in 2006. Assuming an investment portfolio of at least \$3 billion, each percentage point of return would yield investment income of \$30 million per annum, hence:

- i. A two-percent return yields \$60 million;
- ii. A four-percent return yields \$120 million;
- iii. A six-percent return yields \$180 million;
- iv. An eight-percent return yields \$240 million.

2. As the Global Fund is essentially engaged in the transfer of current resources to current needs, the question is how the Fund can be more efficient in asset management while remaining true to its mandate. It should be noted that the sizeable cash balance is the result of the Fund's Comprehensive Funding Policy (which requires that full funding for anticipated funding needs be in place) and the fact that most donors make contributions in cash rather than via promissory notes which could be realized over a number of years. Nevertheless, given the significant cash balance the Fund maintains prior to disbursement, it makes sense to consider its cash float as being sizeable enough to deserve the same attention the endowment portfolios of other grant-making institutions receive, albeit on a much different horizon.

3. While the task team appreciates the Fund's role in mobilizing resources in the fight against the three diseases, we also recognize that the Global Fund is a Swiss foundation and, consistent with Swiss charity laws, the Board has fiduciary responsibilities to act reasonably and responsibly with the assets it oversees. The Fund's maturation and the predictability of its resource flows, coupled with the forecasts for the cash balance, pose new challenges and opportunities related to portfolio management. The task team believes strongly that the time has come for the Fund to bring itself in line with the fiscal and investment management practices of its global peer institutions by diversifying its investments and investing more aggressively. This can be done within relatively conservative parameters, but ones that would likely lead to considerably enhanced returns. Doing otherwise may result in the Fund losing money, especially when considering the effects of currency exchange and inflation. Arguably the Fund's current ultra-conservative approach to investment management does set the stage for foregoing income, which would be inconsistent with the Board's fiduciary responsibility.

4. Moreover, the Fund is in a unique position of having a reasonably certain stream of large donor commitments over the coming years. The relative stability of these flows serves as a form of collateral (subject to some discount rate) that stands behind the actual live cash balance. In other words, the financial condition of the Fund goes beyond what is evident from consideration of the actual cash balance. Nonetheless, the Fund's overly conservative management of the cash balance leaves the Fund unable to capitalize on the relative stability of its income stream.

5. Optimizing investment income earned on funds managed by the trustee would fulfill several strategic resource mobilization objectives. The task team recommends that the Global Fund's leadership:

**1. Form an investment committee to devise investment policies, oversee investment performance, and further develop the Fund's relationship with the World Bank.**

- i. The investment committee, whether it reports to the FAC or directly to the Board, would be composed of six members, not more than three of whom serve as current members of the Board, with all six having relevant business, financial and/or investment management backgrounds;
- ii. The investment committee would meet regularly, at least twice per year, and receive monthly investment management reports.

**2. Direct the investment committee to develop investment policies and recommend strategies to the Board on maximizing portfolio return without compromising the Fund's risk profile.**

The investment committee would manage the Fund's portfolio in accordance with Board-approved investment policies in a five-year investment plan that includes return targets or benchmarks and risk–reward parameters.

- i. The five-year investment plan would diversify the Fund's portfolio to reflect risk factors including liquidity, currency, inflation, etc.;
- ii. The five-year investment plan would also give consideration to ethical investment matters.

**3. Give consideration to outsourcing the investment management function in consultation with the World Bank, taking into account cost and return implications.**

As the Global Fund matures, stewardship of the Fund's assets requires attention and dedicated expertise. The complexities of managing this cash balance, with sensitivity to the Fund's relationship with the World Bank, prompt the task team to suggest the Fund explore all ways in which it can best leverage the cash balance to both avert risk through diversification and maximize investment returns.



## **PART 6: RESOURCE MOBILIZATION IN THE PRIVATE SECTOR**

1. The task team believes that the strong engagement of the private sector, which encompasses non-governmental donors such as corporations, foundations, and individuals, can provide a significant source of cash and non-cash resources, as well as added dimensions of increased awareness and support from the general public and influential figures, which in turn strengthens efforts to secure funding from governments. Thus, the value of successful private sector engagement and funding cannot be overstated. Engagement of the private sector requires Global Fund Board and Secretariat leadership to articulate a compelling case for financial support from each targeted sub-sector, as well as a dedicated program and investment in relationship building, donor servicing, accountability and stewardship of funds raised.

2. The task team has taken a comprehensive view of private sector funding opportunities and has explored both traditional and emerging sources of financial support. The task team is especially mindful of the desire to attract private sector funding opportunities which are (a) considerable in size; (b) sustainable over many years; and (c) wherever possible, do not directly compete with Global Fund partners and others active in the field of global health and human development.

3. Currently, private sector funding represents four percent of total funds paid, and six percent of the total funds pledged to the Global Fund. The Bill & Melinda Gates Foundation is the predominant private foundation supporter of the Global Fund, providing \$650 million to date. (PRODUCT)RED at \$20 million to date and the United Nations Foundation and its donors at over \$8 million to date, are the second and third most significant sources of current private sector support. Among other leading foundations donors are the Open Society Institute and the Hewlett Foundation. Corporations have also been supportive in giving cash, including Johnson & Johnson, Sumitomo Chemical Co., Novartis, and Statoil, and in-kind services including, but not limited to, Booz Allen Hamilton, McKinsey & Company, Publicis, Pricewaterhousecoopers, and Viacom. In addition, many companies have joined the Global Business Coalition and other national business coalitions.

4. The task team considered what would be required to achieve as much as ten percent of the total Global Fund resource mobilization target through private sector resources. On the basis of this formula, a total target of \$4 billion annually for the Global Fund would require more than doubling current private support to \$400 million annually. It is sobering to consider that very few of the world's largest and most established charities (some in existence for a century or more) achieve such levels per annum. Less than a dozen companies give total cash donations of \$100 million or more annually, representing about one percent of their profit. Few give more than \$25 million or more in cash outside of the U.S. The largest non-cash contributors among corporations internationally are the leaders of the pharmaceutical industry who reportedly gave over \$1 billion dollars in pharmaceuticals outside the U.S.

5. Consumer-focused campaigns, such as (PRODUCT)RED, provide significant additive potential—offering the opportunity for major funding on a sustained basis with little or no direct competitive implications to most other charities. That said, while consumer-focused opportunities

hold potential for resource mobilization and for raising public awareness, they are also among the least predictable and most variable revenue streams.

6. In addition to consumer-focused efforts, the task team believes that the other significant sources of non-governmental funding would include corporate partnerships (direct financial support, appropriate in-kind support, meaningful co-investment, consumer, and employee involvement); large and emerging philanthropic foundations; and high-net worth individuals.

7. The task team believes that these areas represent consistent and sustainable potential for support, as there is growing and high-profile involvement in these sectors among those who champion the work of the Global Fund. Mobilizing resources requires a strong commitment of leadership from the Fund, including: expressed interest, clear policies, personal leadership, and an investment in the resources necessary to build and sustain a program of private sector funding.

8. Strengthened private sector resource mobilization initiatives would require sustained capacity funding for a decade or more. The start-up costs of the operation, in line with the traditional cost ratios of established leading non-profit organizations worldwide, would require significant, immediate increases in the current level of investment in private sector resource mobilization. Given the scale and scope of the enterprise, sustaining costs could ultimately be well below the levels commonly experienced by even the most efficiently performing charities; however, these costs will still be higher than the Global Fund's current two to three percent annual operating expenses (Figure 13, Global Fund Annual Report 2005).

9. The task team has developed the following recommendations for consideration:

- 1. Engage the private sector through a perceptible shift in attitude, establish policies and incorporate a number of specific tactics aimed at engaging the private sector at the global, regional and national levels to substantially enhance the Fund's resource mobilization efforts.**

The Board and the Secretariat must demonstrate that the Global Fund is "open to business". Leveraging non-governmental support will not only mobilize needed monetary and non-monetary resources to address these global health challenges, but will also help to enhance global awareness and leadership and in turn effect greater public sector resource allocation.

Engaging the private sector effectively will require:

- i. An explicit public statement by the Board and the Secretariat of the intent to engage private partners to strengthen and sustain the Global Fund and the engagement of non-governmental leaders in early and frequent consultation at the Board and Secretariat levels;
- ii. A clear policy to enable targeting of non-governmental contributions, beyond the disease and continent designations currently accepted to an even greater degree

- of specificity to be determined, and reflecting practical considerations in stewarding targeted support;
- iii. A clear policy on targeting of non-governmental contributions, beyond the disease and continent specifications currently accepted, that considers an even greater degree of specificity to be determined and also reflects practical considerations in stewarding targeted support;
  - iv. Mechanisms to promote private sector engagement ranging from enlisting corporate executives and other leaders in global advocacy to developing an integrated platform for global partnerships with corporations (e.g., the Global Fund Corporate Champions Program) to further private sector representation on the Board and within the CCMs;
  - v. More literal involvement of the private sector in the development of funding proposals and throughout the CCM process.

Moving from four to six percent of the current funding level from non-governmental sources to ten percent will require dramatic new undertakings. These major steps would include:

- i. Significant capital and capacity investment up front;
- ii. Incremental but sizable increases in funding over subsequent years;
- iii. Inclusion of business, foundation and philanthropic leaders at all levels of governance, oversight, and implementation;
- iv. Attractive opportunities for giving and high-level recognition of private sector contributors by the Global Fund and its donor and recipient delegations;
- v. Leadership involvement at the Secretariat, Friends organizations, Global and National Business Coalitions, and on the CCMs;

## **2. Make serious financial investments in the capacity of the Global Fund to manage private sector relations.**

The Board should concentrate capacity investment in areas of greatest financial potential. The focus should remain on the existing principles of significant monetary potential, sustainable support over time, and as non-competitive as possible—representing additive, not competitive, resource mobilization opportunities:

- i. Consumer-focused efforts could represent significant potential but are most variable year-to-year, and least predictable over time;
- ii. Corporate, high-net worth individuals and philanthropic foundation efforts will involve a significant investment of time, energy, leadership, and resources but represent solid, predictable, sustainable funding and a build-able resource base. Any attempt to attract funding from these sectors could be construed as competitive to other organizations, but all efforts should be made to attract extraordinary giving over and above current funding levels to others.

While the priority should be on pursuing North American and European donors, the Fund should make a serious effort to engage private sector resources beyond these traditional sources.

- i. Target corporate leaders and individuals from emerging markets;
- ii. Engage recipient country leaders in helping to make the case for private sector support—providing testimonials of commitment and success;
- iii. Develop and encourage coordination among the Friends organizations, the Global Business Coalition, and national business coalitions.

The Fund should recognize that the current level of investment is wholly inadequate to support a serious private sector resource mobilization effort, and consider a strong initial investment in increased capacity with a measured reinvestment scheme on the basis of performance.

- i. An initial allocation of funds should be made to increase the staff and resource capacity necessary to achieve reasonable targets for corporate, foundation and high-net worth individual support, and consumer-focused initiatives;
- ii. Subsequent investment should be made on the basis of acceptable ratios, achieved markers and milestones, and realized results.

At the outset, the Global Fund should expect to invest traditional levels of funds to mobilize new support from the private sector. Over time, the return on investment (ROI) should be among the most efficient in the philanthropic sector.

- i. Initial ROI ratios should reflect the same levels of efficiency as the better performing private sector charitable organizations;
- ii. The Global Fund might target resource mobilization costs at ten to twelve percent of funds raised in a multi-year start-up phase, with the target quickly moving to five to seven percent in the long-term;
- iii. The degree to which more efficient ratios can be achieved will directly correlate to the level of personal involvement of Fund leadership in all of its forms—leading investors and players including Board members and the Secretariat, government officials, and existing private sector partners;
- iv. It should be noted that in its earliest years of operation, the Fund's annual overall operating expenses moved from fifteen percent of disbursements to 5.5 percent and below four percent of total expenditure in just two years;
- iv. Currently the Fund has budgeted just \$1.3 million for private sector support annually, focused almost exclusively on in-house management of the (PRODUCT)RED campaign. The task team firmly believes this level is wholly inadequate, as are current plans for marginal increases in upcoming years;
- v. All resource mobilization efforts, methods and techniques should focus on significant leadership support from corporations, foundations and high net worth individuals, with little or no attention given to grassroots or modest level fund

raising methods and activities such as direct mail, special events, or internet fund raising;

- vi. Consumer-focused campaigns and opportunities should be funded through the partner businesses, and may require minimal coordination efforts by the Global Fund; such campaigns may require significant investments by the Fund in documenting, packaging and communicating results in a manner compelling to consumer audiences, however, and the Fund may need to enter into fee-based license agent relationships to ensure effective external management of these campaigns.

**3. Clearly define and expand opportunities for leadership engagement of the private sector in the Global Fund; this requires the development of specific policies and strategies to capitalize on the most promising opportunities, plus enhanced staff and resource capacity within the Secretariat.**

The following chart outlines the basic elements required to generate support and involvement at the highest levels from corporations, high-net worth individuals, philanthropic foundations and consumer-focused initiatives:

CORPORATIONS	HIGH NET WORTH INDIVIDUALS	FOUNDATIONS	CONSUMER
<ul style="list-style-type: none"> <li>▪ Leadership representation</li> <li>▪ Partnerships</li> <li>▪ In-kind donations</li> <li>▪ Matching brand value/awareness</li> <li>▪ Matching and challenge gift opportunities</li> <li>▪ High-profile recognition</li> <li>▪ Targeting &amp; gift designation</li> <li>▪ In-house capacity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public Awareness</li> <li>▪ Leadership</li> <li>▪ Engagement</li> <li>▪ Donor recognition</li> <li>▪ Matching and challenge gift opportunities</li> <li>▪ Representation</li> <li>▪ In-house capacity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Targeting &amp; gift designation</li> <li>▪ Measurable results and outcomes</li> <li>▪ Leadership representation</li> <li>▪ Leveraging opportunities</li> <li>▪ In-house capacity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand awareness</li> <li>▪ Celebrity involvement</li> <li>▪ Self-interest</li> <li>▪ Success stories</li> <li>▪ Recognition opportunities</li> <li>▪ In-house capacity</li> </ul>

The Fund should more boldly define the points-of-entry and means of engagement for private sector leadership at the global, regional and local levels. This engagement should be reflected in both resource mobilization and program implementation where appropriate and most beneficial to the Global Fund.

The Fund should consider providing incentives for encouraging stronger private sector representation at the country level such as:

- i. Encourage countries to enlist high-level senior executive private sector membership in the CCM;
- ii. Consider adding business sector representation requirements, in addition to civil society representation requirements, on the CCMs;
- iii. In the grant proposal grading system, give added weight to proposals with strong private and business sector representation and engagement.

In-country engagement of the private sector will require dedicated staff and resource capacity for the Secretariat and close coordination with regional Friends groups and national business coalitions in order to effectively facilitate and mobilize such partnerships.

The task team recognizes that there is also a continuing effort to clearly define policies with respect to grant targeting and in-kind contributions and the task team encourages the Fund to consider policies regarding the targeting of non-governmental funds. Serious consideration should be given to crediting companies for providing in-kind contributions, which provide direct support and relief for budgeted Fund priorities.

The task team also recommends the Fund consider the establishment of a Global Corporate Advisory Council composed of a select group of CEOs of the world's largest companies.

The Fund should also endeavor to mobilize broad scale partnerships with leading global companies through an integrated platform (such as the Global Fund Corporate Champions Program). These broad scale partnerships should include but not limited to the following:

- i. Soft targeting of cash contributions;
- ii. Co-investments and opportunities for in-kind support which embrace the goals and objectives of the Fund and its recipients;
- iii. Employee engagement opportunities at the global and country levels.

#### **4. Make a significant commitment to invest in a communication, branding, and marketing strategy**

The Global Fund's resource mobilization efforts can be greatly enhanced by a broad scale communication, branding and marketing campaign to raise its public standing and awareness.

- i. Public awareness will aid all aspects of public and private sector funding, and investment in public awareness campaigns will support both public and private sector initiatives;
- ii. A powerful case for support can be developed for the private sector and its constituent parts: companies, foundations, and individuals;

- iii. Recipient countries, the Friends groups and other partners can play a significant role in making the case for support and demonstrating success;
- iv. Appropriate levels of resources should be invested, making the best use of existing assets and utilizing the collective resources and relationships of the Friends of the Global Fund organizations, the business coalition groups and corporate partners.

**5. Measure the scope and scale of opportunities for mobilizing resources from high-net worth individuals and philanthropic foundations.**

The Global Fund leadership should consider a more in-depth analysis of the scope and scale of opportunities for the support and engagement of high-net worth individuals and philanthropic foundations. Such an analysis may lead to the development of a plan which maximizes both the efforts of existing private sector advocacy partners and any new structures proposed.

- i. The Fund's leadership should consider a more in depth study of feasibility, capability, and opportunity of mobilizing resources from high-net worth individuals and philanthropic foundations;
- ii. A detailed plan and timetable for implementation should be developed together with investment and staffing levels, and financial goals and targets;

**6. Provide appropriate guidelines and oversight to support and expand private sector resource mobilization efforts.**

Given the substantial investments required to effectively mobilize private sector resources, the task team believes appropriate guidelines, attention and Board oversight should be provided and dedicated to the necessary scale-up, implementation and on-going management of these strategies.

## PART 7: INNOVATIVE FINANCE

1. The role of innovative finance in the Global Fund's resource mobilization strategy is being carefully studied by the Secretariat as it collaborates with stakeholders and experts in developing a work plan. Independent of the Secretariat's development of this work plan, the task team reviewed the Fund's relationship with three innovative finance models (UNITAID, debt conversion, and International Finance Facility-type programs). While recognizing there is potential to gain considerable funding through these revenue streams, some concerns were expressed about the predictability and sustainability of funding derived from these mechanisms and the time required for innovative finance mechanisms to mature. Moreover, the task team notes that even when the funding flows from a specific innovative finance mechanism are predictable and sustainable, the selection of the Global Fund as beneficiary cannot be assured in the long-term. The task team also questions how long an 'innovative' financing mechanism can be considered 'innovative'; that is, when should it be declassified as 'innovative' and be considered as a public or a private sector resource mobilization vehicle?

2. Understandably, innovative finance is often perceived to be a relatively easy way to mobilize significant amounts of 'new' funding for global causes (e.g. health, human development, environment, etc.) but capitalizing on this revenue stream requires that the Fund invest resources and staff capacity. Further, the Board must develop clear and specific policies with regard to receiving what are often targeted or earmarked contributions from innovative finance mechanisms.

3. In acknowledging the progression of each of the three major innovative finance mechanisms that are (potentially) relevant for the Global Fund, the task team understands:

- i. UNITAID is financed largely by air ticket levies in France and other countries. In 2006, UNITAID approved \$52.5 million as an additional contribution to finance the Sixth Funding Round of the Global Fund designated to the purchase of drugs for specific interventions in AIDS, tuberculosis and malaria. In addition, UNITAID has also agreed to finance the scaling up of a number of well-performing Global Fund grants through the provision of second-line tuberculosis and ACT malaria drugs. The Global Fund Board has acknowledged this contribution and has asked both secretariats to work together on the implementation of these decisions and to develop a longer term strategy (a "road map") to better define the respective roles of the two organizations and the synergies achieved through collaboration;
- ii. Regarding debt conversion, the Secretariat together with partners has developed a concept called "Debt2Health", an initiative that aims to demonstrate that debt relief can help fight HIV/AIDS, tuberculosis and malaria. Debt conversion is a mechanism whereby a creditor or a group of creditors agrees to cancel a portion of ODA or ECA debt on the condition that the beneficiary invests an agreed upon amount in a Global Fund approved program. It should be noted that its applicability is limited only to the 14 non-HIPC countries and that there exist questions about the additionality of these funds in the fight against the three diseases. Contrary to other innovative finance mechanisms, however, the Secretariat is in the driver's seat to explore this model further;



iii. Finally, on International Finance Facility-type (IFF-type) models, the task team recognizes that this innovative finance mechanism is often considered the most promising in mobilizing significant amounts of new resources. Yet, it should be noted that public funds mobilized in this way must be repaid at some point. Spending these resources now only makes sense if front-loading of donor support can directly lead to a reduction of spending in the future (e.g. immunizations). Moreover, IFF-type models are very complicated, often requiring long development and maturation periods, and which, at a minimum, are inconsistent with current Secretariat capacity.

4. To develop this revenue stream, the task team encourages the Fund's leadership to:

**1. Further explore and develop the Fund's relationships with innovative finance mechanisms.**

The Board must clearly identify which innovative finance mechanisms are relevant for the Fund, taking into account:

- i. The particularities of the mechanisms;
- ii. The political realities in the countries that would implement these mechanisms;
- iii. The Fund's ability to control how and when resources are utilized;
- iv. The competition for innovative finance proceeds between the Global Fund and other worthy causes;
- v. The predictability and sustainability of the funding streams; and
- vi. Innovative finance mechanisms usually requires an adaptation of existing Board policies as the contributions are considered "targeted funding".

The experience and expertise of the Secretariat in this area should inform the Board's position.

**2. Invest resources and staff capacity to continue close collaboration with innovative financing mechanisms, but with renewed sensitivity to the predictability and sustainability of this funding stream.**

In particular, the Secretariat, with close collaboration by appropriate Board members and stakeholders, should be empowered to:

- i. Maximize the opportunities presented by UNITAID; under the guidance of the PSC and in close collaboration with the Board and Secretariat of UNITAID, its donor countries, and civil society, the Global Fund Secretariat must develop a strategic plan for a long-term partnership with UNITAID, exploring the synergies of both organizations in making increased resources available in the fight against the three diseases; the task team encourages the Secretariat to explore the full potential of this partnership, and recommends that the Board put in place sufficient capacity within the Secretariat to support this initiative;

- ii. Implement a pilot debt conversion project and develop a strategic plan to extend this concept to release additional resources for other Fund programs;
- iii. Investigate further the possible development of private placement (non-governmental and purely private) options similar to IFF and, recognizing that IFFIm models work in front-loading for immunizations, determine if there are innovative ways these models may also apply for HIV/AIDS and malaria.

**3. Engage the Board in a broader advocacy role to promote collaboration with and further development of opportunities in innovative finance, particularly within the Debt2Health program.**

Accordingly, the task team encourages the Board to:

- i. With appropriate stakeholders, explore further and recognize the potential of this concept;
- ii. Where suitable, advocate for the conversion of debt held by their countries and those countries with which they have influence.

Should the first pilot project be successful, the task team recommends that this concept be further enhanced by:

- i. Expansion of the pilot program to all fourteen non-HIPC countries that are eligible for Global Fund Debt Conversion;
- ii. If the pilot program is expanded, the Fund's leadership must invest resources and build capacity within the Secretariat, including relationship and project managers, and dedicated language, cultural and political experts to develop and implement strategies for engagement with specific strategies for each country.

## **PART 8: CONCLUSION & ACKNOWLEDGEMENTS**

1. The task team acknowledges the complexities of scaling up the Global Fund's resource mobilization efforts from current levels of more than \$2 billion per annum to projected levels of demand ranging from \$4 to \$6 billion and \$8 to \$10 billion by 2010. The task team has not undertaken an exercise to determine the feasibility of either target; however, we have endeavored to determine what would be required to achieve these levels as quickly as possible.

2. In summation of the dialogue surrounding the resource flows and the corresponding recommendations within the preceding pages:

- i. Doubling or tripling annual levels of resource mobilization toward the \$4 to \$6 billion targets at a minimum would, among other investments, require:
  - a) Concrete expressions of demand derived from the input of all stakeholders—recipient countries, donors, civil society, technical agencies and the private sector—to move toward a demand-driven model;
  - b) The development and articulation of a compelling case for support that demonstrates the comparative advantages of the Global Fund model in terms of results, performance and impact in the fight against the three diseases, coupled with increased efforts to heighten donor confidence;
  - c) Strong political will among the international community in supporting significant increases to ODA and a doubling or near tripling of investments by current Global Fund donors coupled with significantly enhanced resource mobilization efforts within other revenue streams;
  - d) More direct involvement of the Board, especially the chair and vice chair, and the Fund's executive director in assuming international leadership roles in advocating for the Global Fund within their constituencies and those with whom they have influence;
  - e) Significantly enhanced capacity within the Secretariat to mobilize additional resources across all revenue streams, and to develop, strengthen and maintain close relationships with major donors, including key decision makers, parliamentarians and others of influence;
  - f) Strengthening strategic efforts to build better visibility for the Global Fund and its brand;
  - g) Creation of an investment committee to devise investment policies, oversee investment performance and optimize investment returns on the Fund's asset portfolio;
  - h) Less conservative approaches to managing the Fund's cash balance, broader diversification of its assets, and the implementation of a more aggressive investment strategy to achieve nine-figure level returns per annum;
  - i) Enhanced "entry points" for private sector engagement through a perceptible shift in attitude, and the implementation of the specific tactics to engage the private sector outlined within this report;

- j) Cultivating the involvement of 50 of the world's most generous corporations, leading philanthropic foundations and high-net worth individuals, and securing multiple seven-, eight-, and nine-figure level contributions from the private sector;
  - k) Continued interaction with consumer-focused initiatives such as (PRODUCT)RED, the successful inclusion of additional product lines within the brand's campaign, and exploration of other consumer-related product opportunities;
  - l) Exploration of new opportunities and harnessing the resource mobilization potential of the rapidly evolving innovative finance mechanisms that generate significant, predictable and sustainable levels of support for the Global Fund;
- ii. Aspiring toward \$8 to \$10 billion and beyond would additionally require, at a minimum:
- a) Ambitious yet concrete and unimpeachable expressions of demand derived from the input of all stakeholders—recipient countries, donors, civil society, technical agencies and the private sector—to move toward a demand-driven model;
  - b) Inexorable solidarity and political will among the governments to achieve mammoth increases in ODA and consensus in directing considerably disproportionate amounts of ODA to the Global Fund;
  - c) At least tripling (and likely quadrupling) current levels of support from public donors and securing significant investments from current non-donor governments;
  - d) Considerably enhanced capacity within recipient countries to absorb contributions;
  - e) Substantial investments in the Secretariat's resource and staff capacity, particularly within the External Relations Unit, to implement these strategies, build and sustain donor relationships, cultivate new donors, steward existing donors, manage campaigns, engage and elicit assistance from partner organizations such as the Friends groups and the Global Business Coalition, and manage the Fund's relationship and interaction with innovative finance mechanisms.
  - f) A robust international print and media public relations campaign to build awareness, enhance political will and promote private sector contributions by articulating the Fund's compelling case, comparative advantages, performance and impact in the fight against the three diseases;
  - g) Considerably less conservative approaches to managing the Fund's cash balance, even broader diversification of its assets and the implementation of an even more aggressive investment strategy to achieve significant nine-figure level returns per annum;
  - h) Multiple eight- and nine-figure recurring investments from the private sector by corporations, foundations and high-net worth individuals within the framework of a vastly enhanced private sector resource mobilization strategy that raises \$600 to 800 million or more per annum (considerably more than most of the world's leading non-profit organizations, many in existence for a century or more);
  - i) The introduction of multiple consumer-focused initiatives like (PRODUCT)RED with the capacity to generate annual nine-figure level recurring contributions to the Fund;
  - j) The introduction of multiple new innovative finance mechanisms that are sustainable and predictable and result in recurring eight- to ten-figure contributions to the Fund per annum;

3. In offering its advice and counsel to the Global Fund Board, the task team seeks to help give a voice to the Secretariat while illuminating the challenges the Board and the Secretariat must confront in expanding the Fund's resource mobilization efforts. Throughout these past 90 days, the task team has also strived to identify opportunities of which the Fund can avail itself, giving clearer direction on how to best leverage existing opportunities while also offering advice in exploring new resource mobilization strategies.

4. The task team fully acknowledges the enormous political and practical challenges of mobilizing resources in the fight against the three diseases. Recommending a move toward a demand-driven Global Fund further underscores the task team's understanding of the enormity of what is at stake: the socio-economic vitality of many countries and the lives of millions of under-privileged people who need our help.

5. The task team recognizes the many persons and organizations who have contributed to our efforts. Their assistance in compiling research, engaging stakeholders, building the web portal, hosting countless teleconferences and our in-person meetings in Geneva, and in capably handling the complicated logistics of managing a task team which spanned four continents, is very much appreciated. We thank the Secretariat: (in alphabetical order) Rajesh Anandan, Anne-Laure Aubertin, Christoph Benn, Robert Bourgoing, John Busch, David Hayward Evans, Sir Richard Feachem, Robert Filipp, Barry Greene, Genc Kastrati, Jon Lidén, Pauline Mazue, Kingsley Moghalu, Akunda Pallangyo and Dianne Stewart; members of the United Nations Foundations staff, including Jennifer Alcorn and Erin Hulme for their technical and administrative assistance throughout this important process; and the Global Business coalition and its staff, including Barbara Bulc, Jacqueline Castro-Fuentes, John Tedstrom, and Kimberly Tegarden for their assistance in convening stakeholders.

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**Appendix A: List of Resource Documents**

**Appendix B: List of Stakeholder Outreach Participants**