



Investing in our future

**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

Nineteenth Board Meeting  
Geneva, 5 - 6 May 2009

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GF/B19/9  
Attachment 1

## RECOMMENDATIONS OF THE RESOURCE MOBILIZATION TASK TEAM (RMTT)

JANUARY 2009

In November 2008, at its 18<sup>th</sup> board Meeting (DP GF/B18/DP13), the Global Fund Board requested:

*"(...) the Resource Mobilization Task Team, convened by the Chair of the Board, to provide concrete recommendations to the Board, its individual members and the Secretariat that enable urgent actions for increased Resource Mobilization efforts to address the funding needs for 2009 and 2010. (...)"*

The RMTT was accordingly reconvened on January 15-16, 2008 in Glion, Switzerland.

Not all representatives could physically attend the meeting; the list of members who were present, could join by phone and excused members is enclosed in Annex 1.

The first day was dedicated to presentations given by members of the task team and external representatives, followed by group discussions:

- Christoph Benn: Update on Global Fund's resource needs and the Secretariat's follow-up to the recommendations of the Resource Mobilization Task Team (RMTT)
- Mohamed al-Ashry: Report of the Committee on the US Commitment to Global Health
- Holly Wise: How to strengthen support for multilateral aid with public donors
- Lennarth Hjelmaker: The effect of the current economic crisis on public donors Peter van Rooijen/Asia Russell: The role of Civil Society advocacy in RM
- Silvia Ferazzi: Projections of ODA based on OECD data
- Robert Hecht: Presentation on AIDS 2031
- Bob Kissane: Challenges and opportunities in Resource Mobilization for the Private Sector and Foundations in the current economic climate
- Elliot Berger / Robert Filipp: Introducing a new investment fund idea called "Life shares"
- Joelle Tanguy on behalf of John Tedstrom: Additional comments from the Private Sector
- Mabel van Oranje: The potential role of current or former political leaders as ambassadors for the GF in support of Resource Mobilization efforts
- Michael Madnick: Reflections on progress and challenges for the future

On the second day, Naina Dhingra provided an update on behalf of Rajat Gupta. The task team representatives then divided into two work groups and came out with a set of recommendations. It was agreed that this set of recommendations would be circulated by email to the Task Team members who would be provided one week to send back their comments or additional recommendations (by Friday, January 30<sup>th</sup>). The Secretariat will consolidate these comments and shall be able to present a final set of recommendation to the Chair of Board at a meeting on February 3<sup>rd</sup>, 2009. There was a consensus that the Global Fund Secretariat should consider calling upon RMTT members throughout the year so as to be able to secure immediate feedback for emerging projects on a regular basis.

## INTRODUCTION

The Resource Mobilization Task Team reaffirms its belief that most resources will – as in the past – need to come from the public sector. Public donors today are, and in the future will continue to be, the source of the major funds that are needed (more than 90% of current share public/private being currently assumed by the public sector).

It is therefore important that all actors understand the basis for public donors decisions. Within public sector, the highlight of results, impact, the global architecture, development perspectives (Paris, Accra etc) etc. is more important than a further focus on branding. This situation is due to the fact that there is a lot of competition of funds, within and outside the health sector and it is crucial to understand that the Global Fund will receive its "share" based on a well identified and clear mandate, good results, well functioning partnerships and a further simplified and strengthened business model, in support of national priorities, plans and programs.

The RMTT recognizes the challenges the current global financial crisis poses for raising funds both from public and private donors. However, the RMTT welcomes the Doha Declaration on Financing for Development, in which donor countries, despite the current financial crisis, confirmed their commitments to reach the ODA targets set in Monterrey.

### Communication

Strong and clear communication is essential to amplify the Global Fund's message and make the case for increased financial support. The Global Fund should develop focused messages targeting key stakeholders and the public that clearly highlight the funding gap for the Global Fund in 2009/2010 and alert donors and key constituencies about the urgent funding support needed to fill the gap. Elements to support such messaging should include:

- Progress made by the Global Fund in results and impact, also building on the outcomes of the five-year evaluation and recent policy developments (particularly broadening window in support to health system strengthening, and investment in prevention);
- Added value of the Global Fund as an effective funding mechanism for development and the effort being made to make efficiency gains;
- Need to continue to invest development aid in global health as a way to mitigate the impact of the worldwide financial and economic crisis on the poorest countries and vulnerable populations – recognizing that Global Fund is critical to that effort, while competing with other funding mechanisms;
- Reminding donor governments of commitments made to fulfill the agreed targets in official development assistance (ODA) and invest such ODA effectively; and
- Central positioning of the Global Fund in the global aid architecture.

*Recommendations addressed to: Secretariat*

<b>SPECIFIC RECOMMENDATIONS OF THE RESOURCE MOBILIZATION TASK TEAM CONCERNING THE PUBLIC SECTOR</b>
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## **A. RECOMMENDATIONS FOR URGENT ACTION ON RESOURCE MOBILIZATION**

### **A.1. Role of the United States**

The Global Fund should work closely with the new US administration to encourage the US to:

- Participate in the Mid-Term Review of the Second Replenishment at an appropriate level of representation.
- Provide a substantial contribution to the Global Fund for 2009/2010 to help fill the funding gap and to leverage through such contribution other donors, e.g. via a matching criterion.
- Review the current distribution of development aid and invest a more substantial share of such aid for multilateral assistance.

*Recommendations addressed to: Secretariat and Board Delegation*

### **A.2. Mid-Term Review Meeting of the Second Replenishment**

The Global Fund should ensure that the Mid-Term Review Meeting of the Second Replenishment is effectively prepared and includes:

- close interaction with donors invited to the replenishment meeting reviewing the financial commitments made in the pledging conference in Berlin in 2007 and looking at what they can do to meet the updated resource needs of the Global Fund, taking into consideration the increased demand of good quality being put forwards by implementing countries.
- intensifying interaction with the relevant potential donors which have not pledged for the replenishment, and with donors which pledged below their potential, to encourage their commitment to the replenishment process and help fill the funding gap.
- encouraging the replenishment donors from emerging economies to increase their financial commitment and help fill the funding gap.

## **B. RECOMMENDATIONS FOR LONGER TERM RESOURCE MOBILIZATION**

### **B.1. Positioning of the Global Fund in the architecture of aid and development**

- In addition to systematic reference in communication messages to the positioning of the Global Fund in the architecture of aid and health (cf. recommendation A1), the Global Fund should continue to strengthen its positioning by providing leadership and active participation and promoting political support in relevant international processes impacting on funding for development and health.

- This includes the H8<sup>1</sup> dialogue and the UN, and includes ensuring support from the UN Secretary-General. The UN SG has agreed to send a message to the Mid-Term Replenishment review.

## B.2. Burden sharing

- Possible adaptations to the current funding framework should be explored for developing a mutually agreed global burden sharing framework for the Global Fund.
- Key donors should consider applying such a burden sharing model to their contributions, following the examples of Sweden and Norway, and champion the concept in discussions with other interested donors.

## B.3. Official Development Assistance (ODA) for health

Increase of ODA for health is a critical step for moving towards a demand-driven target for resource mobilization.

- The Global Fund should develop its capacity and encourage donors to continue to increase investment in ODA and to provide increased financing for health and development, both in absolute terms and as a share of ODA.

## B.4. Replenishment mechanism

- The Global Fund's replenishment process has evolved as a key mechanism to build up a predictable and sustainable basis for core funding for the Global Fund, particularly among public sector donors, and as an effective way to engage new donors.
- The Global Fund should continue efforts to strengthen the mechanism, including by broadening the number of donors participating in the replenishment process.

## B.5. Leveraging of key advocates

- The Global Fund should further strengthen its efforts to mobilize in a selective and effective way current and new partners, including foundations (e.g. the Gates Foundation), private sector actors (e.g. Chevron), royal families, good will ambassadors, celebrities, thought leaders, and decision makers. This initiative could have benefits for Public and Private Sector efforts but might require slightly different criteria for ambassadors, depending upon specific needs.
- This involvement should be based, as far as resource mobilization for the public sector is concerned, on their added value in leveraging additional resources from donor governments. It is important that these partners understand the rationale of public sector budget allocation.
- Having Mrs. Carla Bruni-Sarkozy now being closely associated with the Global Fund as a Global Ambassador for the protection of mothers and children against AIDS, the Global Fund needs to be careful only to consider very high profile personalities for similar roles to preserve the exclusivity of this role.
- Special attention should be paid on their potential for mobilizing additional donors and additional funding from donors that are not sufficiently responsive to supporting the financial needs of the Global Fund, including emerging economies and oil exporting countries.

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<sup>1</sup> Health 8 (H8) is an informal group of eight health-related organizations, WHO, UNICEF, UNFPA, UNAIDS, The Global Fund, GAVI, Bill and Melinda Gates Foundation, and the World Bank

## B.6. Board Members' Role in Resource Mobilization

- The role of the Board, collectively and through its individual members, in supporting the Global Fund's resource mobilization strategy should be clarified. If such role is accepted by the Board members, it should be implemented through concrete steps.

## B.7. Co-financing, Domestic Responsibilities and Exit Strategies

- Co-financing options and exit strategies could be envisaged for implementing countries as long as they increase their capacity in financing domestically the fight against the three diseases.
- Middle income countries in particular should be encouraged to develop long-term planning for national strategies including steps to take over a larger share of their expected resource needs.
- The Global Fund should continue discussion and promotion of the concept of co-financing and domestic financing responsibilities, in particular with middle income countries.

<p style="text-align: center;"><b>SPECIFIC RECOMMENDATIONS OF THE RESOURCE MOBILIZATION TASK TEAM CONCERNING PRIVATE SECTOR AND INNOVATIVE FINANCE</b></p>
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### A) CURRENT SITUATION AND GENERAL PROSPECTS

- Current environment creates significant challenges for both corporate and philanthropic giving in short term:
  - Corporate resources constrained
  - Foundation endowments significantly impacted
- Private Sector funding can nevertheless play a significant role in meeting the current 'funding gap', which offers the private sector the opportunity to be seen to "make the difference."
- Private sector advocates can be influential in encouraging governments in some countries to meet the funding gap, and the Global Fund should seek to deploy these relationships more systematically. This influence does also depend on their credibility in terms of successful resource mobilization from the private sector.
- In difficult financial times, value for money and leverage are particularly important considerations for all donors. Private sector can make catalytic contributions filling gaps around global fund grant model (proposal development, capacity buildings, service donations, etc.), which help to make Global Fund grants more effective.
- Short and medium term opportunities continue to exist, e.g.:
  - community foundations / donor-advised funds
  - donations of media services and air time
- In the new volatile economic reality, the Finance and Audit Committee (FAC) Working Group on Optimizing Investment Returns should examine the practicality of hedging currency exchange rates on pledges to the Global Fund and/or grants by the Global Fund.

- The current funding gap highlights the need for the Global Fund to strengthen its overall branding for the purposes of resource mobilization—the Global Fund should seek external advice regarding this. One possibility is to create a new sub-brand or campaign (e.g. “Campaign for Life”) bringing together various streams of resource mobilization (cf. WWF and IUCN.) Such an arrangement brings two concrete advantages:
  - Risk management
  - Partnerships
- Overall, short term ‘good crisis’ of funding gap creates opportunity to forge long term relations.

## B) CORPORATE GIVING

- In the short and medium term, the Global Fund should work with partners such as Global Business Coalition (GBC) to strengthen the value proposition currently offered to prospective corporate supporters, defining a full menu of investment opportunities, including:
  - Core competencies
  - Targeted catalytic contributions / multiplier effect
  - Major contributions
- The Global Fund should convene private sector for consultation.
- The Global Fund should explore using current private sector donors to support public sector resource mobilization.

## C) PHILANTHROPIC GIVING

- The Global Fund should focus on additional resources to promote giving. It should undertake work to position the Global Fund as the recipient of choice:
  - Branding for private sector giving
  - Making the case for the private sector
  - Cataloging investment opportunities
  - Convening potential (and current) donors to explore barriers to giving
- This study and consultation should lead to a shared definition of the role of private sector giving in the Global Fund and the broader fight against the diseases.
- The Global Fund should undertake market research into the profiles of potential individual donors. One market segment of particular interest for long term cultivation would be emerging future philanthropists (such as the 40 global billionaires currently under the age of 40).
- As a longer term cultivation tool, the Global Fund should consider convening a group of internet entrepreneurs to create a virtual community of supporters.

## D) INNOVATIVE FINANCE

- The Global Fund should work to maximize cash flows from current vehicles such as Debt2Health.

- The Global Fund should continue to explore the creation of an Investment Fund, and prepare a presentation for the Finance and Audit Committee, and keep the FAC informed about further progress, for the November Board meeting, including details on:
  - Proposed entity relationship with Global Fund
  - Potential lead investors and managers
  - Risk assessment
  - Preliminary projections of value to Global Fund
  - Timeline
  
- The Global Fund should also explore other models such as Debt / Equity, buy down, annuity funds, and benchmark successful models with other organizations.



<b>Attendance List</b> <b>RMTT Meeting, Glion, January 15-16, 2008</b>
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**RMTT Members who attended the meeting:**

- Christoph Benn, Secretariat, The Global Fund, Switzerland
- Elliot Berger, Merrill Lynch, United States
- Mohamed El-Ashry, Former Head of Global Environmental Facility, United States
- Lennarth Hjelmaker, Board Delegate, Point Seven, Sweden
- Robert Kissane, Community Counseling Service (CCS), United States
- Peter van Rooijen, International Civil Society Support, The Netherlands
- Holly Wise, Former Head of USAID Global Development Alliance, United States

**RMTT Members who joined by phone:**

- Michael Madnick, Chairperson of the RMTT, Bill and Melinda Gates Foundation, United States
- Mabel van Oranje, The Elders, United Kingdom
- (Joelle Tanguy on behalf of) John Tedstrom, Global Business Coalition, United States

**RMTT Members excused:**

- Akudo Ikemba, Friends of the Global Fund Africa, Nigeria
- Shaun Mellors, Board Delegate, International HIV/AIDS Alliance, United Kingdom
- John Studzinski, The Blackstone Group, United Kingdom

**Guests:**

- Geoff Adlide, GAVI, Switzerland
- Robert Hecht, Results for Development Institute, United States
- Naina Dhingra (on behalf of Rajat Gupta), McKinsey, United States
- Asia Russell, Board Member, Developed Country NGO Delegation, United States

**Staff Resources:**

- David Hayward Evans
- Silvia Ferazzi
- Robert Filipp
- Jon Lidén
- Pauline Mazue