

# 37<sup>th</sup> Board Meeting

## Update on resource mobilization and Action Plan for continuing resource mobilization efforts throughout the replenishment cycle

GF/B37/28

03-04 May 2017, Kigali, Rwanda

### **Board Discussion**

Purpose of the paper:

The purpose of this paper is to:

- i. provide an update on resource mobilization; and
- ii. present the Action Plan for continuing resource mobilization efforts throughout the replenishment cycle (the “Resource Mobilization Action Plan”) for discussion and input by the Board in line with GF/B36/DPO3.

## Part 1 - Decision Point

1. This paper is for information / discussion purposes and does not propose any decision points.

## Part 2 - Relevant Past Decisions

Relevant past Decision Point	Summary and Impact
<b>GF/B36/DP03: Continuing Resource Mobilization Efforts Throughout the Replenishment Cycle (November 2016)<sup>1</sup></b>	Acknowledging the successful launch of the Fifth Replenishment (2017-2019) and the importance of continuing to actively engage to mobilize increased resources throughout the Replenishment cycle, the Board requested that the Secretariat, under the oversight of the Audit and Finance Committee (the “AFC”), develop an ambitious action plan for attracting additional resources to be shared with the Board at its 37th Meeting, and subsequently reported on by the AFC to the Board on a regular basis.

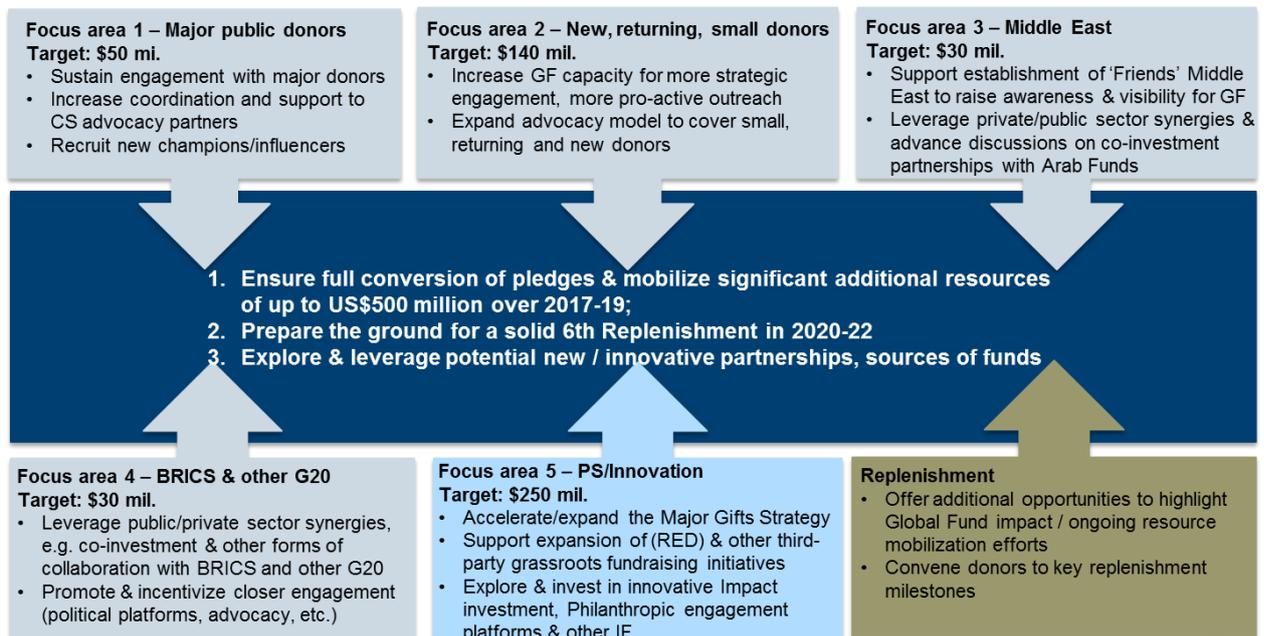
## Part 3 - Executive Summary

2. During 2014-2016, the Secretariat regularly provided updates to the Audit and Finance Committee (the “AFC”) and the Board on resource mobilization and replenishment-related matters, including on new and additional pledges secured following the launch of the Fourth Replenishment. By end-2016, total pledges for the 2014-2016 period reached US\$ 12.4 billion, an increase of US\$400 million compared to the US\$12 billion announced at the Fourth Replenishment launch.
3. In September 2016, Global Fund donors pledged an unprecedented US\$12.9 billion at the Fifth Replenishment Conference hosted by the Government of Canada, achieving 99 percent of the US\$13 billion goal. Since the Conference, additional pledges of US\$ 27 million have been mobilized.
4. At the 36<sup>th</sup> Board Meeting, the Board highlighted the importance of continuing to actively engage to mobilize increased resources and requested that the Secretariat, under the oversight of the AFC, develop an ambitious action plan for attracting additional resources throughout the 2017-2019 replenishment cycle. The Secretariat presented and discussed the Resource Mobilization Action Plan with the AFC during its 3<sup>rd</sup> Meeting in March 2017.
5. The objectives of the Resource Mobilization Action Plan are in line with Strategic Objective 4 of the Global Fund Strategy 2017-2022 to mobilize increased resources. Six focus areas, each supported by a set of strategic actions, will contribute to achieving the set objectives. These are shown in Figure 1 below. Critical to the success of ongoing resource mobilization efforts will be: continued strong Board engagement; adapting the governance model to accommodate new donors in decision-making; and increased investment by the Global Fund in people, processes and systems related to resource mobilization.
6. During the AFC discussions, the AFC reiterated the importance of ongoing resource mobilization efforts and expressed broad support for the Action Plan to mobilize an additional US\$500 million over 2017-2019. The AFC also recognized the need for meaningful representation of new donors to support ongoing resource mobilization efforts, and requested that the Secretariat provide regular updates on the implementation of the Action Plan.

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<sup>1</sup> <http://www.theglobalfund.org/Knowledge/Decisions/GF/B36/DP03/>

**Figure 1. Ongoing Resource Mobilization Action Plan  
Objectives, focus areas, targets and strategic actions**



## Part 4 - Background

### The need for ongoing resource mobilization

7. In September 2016, Global Fund donors pledged an unprecedented US\$12.9 billion at the Fifth Replenishment Conference hosted by the Government of Canada – achieving 99 percent of the US\$13 billion goal and surpassing the US\$12 billion pledged during the Fourth Replenishment. The Replenishment outcome reemphasized the fact that the world still considers investing in health a top priority, and was also successful in bringing in new partners from the private sector, as well as increased contributions from implementing countries in Africa. However, as noted in the Investment Case, while this amount should help countries to stay on a trajectory towards the 2030 global plan targets, the Global Fund partnership can do more if additional funding could become available. The challenge of significant fluctuations in foreign exchange rates adds even more importance to the need to keep pressing for more resources.
8. A key tenant of the Global fund's Resource Mobilization strategy is to increase available resources at the country level to support the achievement of internationally agreed goals. Key to this strategy are the implementation of the Sustainability, Transition and Co-Financing policy; political and civil society advocacy for increased domestic investment in health and disease programs; the implementation of innovative instruments; and closer collaboration with development banks to leverage their potential in health financing. The work on domestic financing is complementary to the proposed Resource Mobilization Action Plan, which will be the predominant focus of this Paper.

### Resource mobilization in an increasingly volatile environment

9. 2016 ended and 2017 begins in uncertain times for the world's political and economic order, and many global public health and development experts and commentators warn of significant immediate consequences on development and global health financing. In the Global Fund's major donor countries in Europe and North America, elections results have over the past two years signified a move towards more nationalistic policies combined with protectionist approaches to

trade and development. At the same time, as evidenced by G7, OECD, G20 and UN General Assembly declarations, migration, climate change and a multitude of other global issues are taking the forefront of the international and development agenda, making it even more challenging to raise funds for global health.

10. In the context of the increasingly volatile aid and political environment, a redoubling of efforts will be required to retain and expand the current level of support from the Global Fund's traditional donors, including a shift in the messaging in order to generate a positive movement around shared responsibility and collective action to achieve the Global Fund's mission and counter anti-development or anti-aid sentiments. At the same time, it will be important to pursue efforts to diversify the Global Fund's donor base and sources of financing. In particular, the Global Fund would need to increase the level of engagement with smaller and new prospective OECD-DAC donors, look for ways to incentivize increased support from non-OECD DAC countries, further accelerate its private sector resource mobilization efforts and explore and leverage non-traditional, innovative sources of funding.
11. The dual pursuits of retaining core donor support while also mobilizing new donors and sources of funds will in turn necessitate continued strong leadership by the Board; evolving the governance structure to accommodate new donors; the development of new strategies and policies for resource mobilization; the expansion of Global Fund advocacy; new thinking on incentives and measures for attracting new donors; the creation of a conducive framework towards new and innovative instruments and sources of funds; and increased investment by the Global Fund in people, processes, systems and partnerships linked to resource mobilization.

## **Part 5 - Discussion**

### Resource mobilization update

1. During the 2014-2016 allocation period, the Secretariat regularly provided updates to the AFC and the Board on resource mobilization and replenishment-related matters, particularly on new and additional pledges secured following the launch of the Fourth Replenishment in Washington DC in December 2013. By end 2016, total pledges for the 2014-2016 period reached US\$ 12.4 Bn or 83 percent of the US\$ 15 Bn target.<sup>2</sup>
2. The US\$400 million<sup>3</sup> mobilized over 2014-2016 in addition to the US\$12 Bn pledged at the Fourth Replenishment launch included:
  - Additional pledges from four public donors and one major private sector donor that topped-up the original pledges they announced at the Fourth Replenishment launch;
  - New pledges from six public donors that were not in a position to make a pledge at the Pledging Conference as well as from a number of new private sector partners; and
  - Unlocking of additional resources from the US matching pledge.
3. As of end-2016, 90 percent of forecast Fourth Replenishment pledges have been converted,<sup>4</sup> with the vast majority of public and private donors honoring the totality of their fourth replenishment

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<sup>2</sup> As reported in Overview of Performance against 2014-2016 Corporate Key Performance Indicators (GF/B37/26).

<sup>3</sup> Non-US\$ pledges converted using Fourth Replenishment exchange rates.

<sup>4</sup> As reported in Overview of Performance against 2014-2016 Corporate Key Performance Indicators (GF/B37/26).

pledges. The remaining forecast contributions are expected to be fully converted in 2017, with additional contributions coming in already during Q1 2017.

4. For the current replenishment cycle, additional pledges of about US\$ 27 million have been made since the Fifth Replenishment Pledging Conference in Montreal (September 2016).<sup>5</sup> There is good progress towards signing public donor contribution agreements for the Fifth Replenishment by end-2017, with fourteen bilateral contribution agreements and one tri-partite contribution agreement already signed as of Q1 2017. Where possible, the Secretariat continues to encourage a shift towards the use of multi-year bilateral contribution agreements.

### Objectives and targets of the Resource Mobilization Action Plan

5. To further accelerate efforts to secure new and additional pledges over 2017-2019, the Secretariat, as requested by the Board, developed the below Resource Mobilization Action Plan and presented it to the AFC for inputs in March 2017.
6. The objectives of the Action Plan are in line with Strategic Objective 4 of the Global Fund Strategy 2017-2022 to mobilize increased resources. These include:
  - To ensure full conversion of existing pledges and mobilizing significant additional resources of up to US\$ 500 million for Global Fund over 2017-19 from public and private donors;
  - To prepare the ground-work for the 6th Replenishment of the Global Fund (2020-22); and
  - To explore and leverage potential new and innovative partnerships and sources of funds for the Global Fund.

### Resource Mobilization Action Plan focus areas and strategic actions

#### *Major public donors*

7. At the most recent replenishment round, pledges of the G7 economies represented nearly 80 percent of total pledges. The vast majority of the Global Fund's major OECD-DAC donors, including all G7 economies, increased or maintained their pledge compared to the previous replenishment period when valued in domestic currency.
8. The Global Fund's success with its traditional donors, in particular with the G7 economies, reflects this group of countries' historical ties to the Global Fund's creation, and their continued strong interest and engagement in global health, including the fight against the diseases. At the same time, it is also evidence of the effectiveness of the Global Fund's resource mobilization strategy which has strongly focused on G7 economies, where its efforts are complemented by the support of high-level champions and influencers as well as a vast and solid civil society advocacy support base.
9. Going forward, the Global Fund cannot afford to take the support of the G7 and its other major donors for granted. Faced with dramatic shifts in the political landscape and its potential implications on aid budgets in major donor countries, the Global Fund will need to intensify focus and engagement with this group of donors over the next three years, in particular:
10. **Strategic Action 1 – Sustain engagement with major donor governments.** A number of the Global Fund's major donor countries are undergoing significant transitions. Sustaining strong relations with governments of major donor countries during changes in administration requires continued monitoring and intensified engagement at the technical level but also to secure cross-

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<sup>5</sup> Conversion of non-US\$ pledges using 5-year simple moving average (SMA) exchange rates.

party support, including engagement of influential Members of Parliament through direct interactions and leveraging of regional/ global parliamentary platforms.

11. In parallel, significant efforts will be required to undertake ongoing analysis in order to influence budgetary processes, particularly where conversion of existing pledges may be at risk due to political pressures, or where there could be potential for increased pledges. Particular focus will be on major donor countries whose Fifth Replenishment pledges did not meet previous levels. Continued monitoring and support to advocates as they push for innovative instruments that expand fiscal space for development such as the European Union Financial Transaction Tax (FTT) will also be crucial, particularly around the expected decision on the EU FTT in mid-2017.
12. **Strategic Action 2 – Increase coordination and support to civil society advocacy partners in major donor countries.** An even stronger engagement and closer collaboration with advocacy partners will be needed in the coming years in order to refocus advocacy efforts and adapt messaging to the shifting political climates in many major donor countries. The Global Fund will need to work with advocacy partners on developing strong evidence-based arguments that would appeal to donors’ trade, commercial and even national security interests, as well as new strategies to target public opinion at large in addition to key decision-makers. The Global Fund must also consider more actively playing a part in supporting the expansion of ‘Friends’ organizations to cover additional major donor markets and/or taking measures to further strengthen their presence where needed.
13. **Strategic Action 3 – Recruit new champions/influencers.** Since its creation, the Global Fund has benefitted from the support of highly influential and credible champions in major donor countries. Nurturing relationships with such influential voices and thought leaders such as the UN Secretary General, leaders of host countries for the replenishment, Bill Gates, Bono and many others, has been an important part of the Global Fund’s resource mobilization strategy. Going forward, the pool of high-level champions and influencers needs to be further strengthened, notably by bringing on board a new generation of champions to infuse new energy and perspectives in support of the Global Fund and its mission. The engagement of Global Fund implementing partners at the highest levels (i.e. Heads of State and Ministries), having proven to be an effective means of reaching key decision-makers in major donor countries, must also be expanded as this has.

#### *Small, returning and potential new public donors*

14. The share of the G7 economies of overall pledges (about 80 percent) represents a significant concentration risk, particularly given the increasingly challenging political environment in many of the Global Fund’s major donor countries, and should drive an even greater emphasis towards diversifying and broadening the Global Fund’s donor base. In addition to engaging Non-OECD DAC emerging economies and Gulf States (these are discussed below), the Global Fund will need to increase its level of engagement with smaller donors as well as with those donors that have made one-off, off-cycle and irregular contributions to the Global Fund in the past. It must also explore avenues to engage new prospective donors, particularly OECD-DAC Member States that have never pledged or contributed to the Global Fund.
15. Shifting the discussion with these donors towards the need for global collective action and shared responsibility, in light of the challenges faced by the Global Fund in traditional donor markets, will be key in mobilizing new support. In fact, the resource mobilization potential in this group of countries could be significant in the long run. A preliminary analysis of the most recent Global Fund pledges as the share of net ODA of OECD-DAC member states puts the overall share for the Global Fund at about 2.5 percent, but there is large variation between countries. G7 economies tend to have a higher share and contribute on aggregate slightly more than 3 percent of their collective net ODA to the Global Fund. If all OECD-DAC member states were to reach the same level as the G7

economies and contribute 3 percent of their respective net ODA budgets, the Global Fund could mobilize up to US\$2.8 billion more.

16. **Strategic Action 4 – Increase Global Fund capacity for more strategic and closer engagement with smaller and returning donors and for more pro-active outreach to prospective new donors.** In order to leverage the significant resource mobilization potential of smaller, returning and new OECD-DAC donors, the Global Fund must build and nurture stronger relations with these governments, including through more frequent interactions at the diplomatic, technical and highest levels and through regular engagement with relevant parliamentarians and parliamentary committees. To do so, the Global Fund would need to increase its capacity, including through in-country external support, to gather intelligence and undertake significantly deeper policy and financial analysis, leverage new political platforms and visibility opportunities, as well as build alliances and partnerships with influencers, local think-tanks and NGOs to support resource mobilization efforts.
17. **Strategic Action 5 – Expand advocacy model to cover small, returning and new donors.** In many of the traditional donor markets, the Global Fund’s resource mobilization effort is underpinned by the support of a vast network of advocacy partners, consisting of Friends organizations, well-established NGOs and grass-roots organizations, as well as high-level champions and influencers. The support of these individuals, networks and organizations is critical in helping the Global Fund gain visibility and access to high-level decision makers, including both through high-level events and platforms and quiet diplomacy; raising public awareness on the Global Fund in key markets through communications and media campaigns; and generally providing support to the Global Fund’s outreach.
18. Advocacy support for the Global Fund is not as strong or is entirely lacking in many of the smaller, returning and prospective new OECD-DAC donors, and would need to be built or enhanced over the coming three years in order to increase the Global Fund’s chances of securing increased contributions from these markets in the medium to long term. While there may be some opportunities still for the Fifth Replenishment, strengthening advocacy in these countries will be a prerequisite in preparation for the Sixth Replenishment.

### *Middle East*

19. Over the last two replenishments, the Global Fund has successfully advanced towards more regular and strategic engagement with the Oil-rich Gulf States instead of the sporadic approach of the past. This has been facilitated by the Board leadership’s active engagement, by leveraging regional platforms such as the Organization of Islamic Cooperation (OIC) and the Islamic Development Bank (ISDB), and by the momentum generated by the Global Fund’s new regional approach which consolidates individual country grants in the region, the Middle East Response (MER).
20. Thus, despite the ongoing political and social turmoil in the region and the continuing decline of oil prices, the Global Fund has maintained a stable level of pledges from the Oil-rich Gulf States over the last two replenishments (the decline in one donor’s pledge was compensated by the increased pledge of another donor and a pledge from a new donor). The Global Fund and ISDB have also initiated discussions around potential co-investment opportunities.
21. **Strategic Action 6 – Support the establishment of a ‘Friends’ organization in the Middle East and invest to raise awareness and visibility for the Global Fund in the region.** The Global Fund will need to continue its ongoing dialogue with countries and partners in the region, including by providing updates on the implementation of the MER and other themes of interest to donors and prospective donors in the region. With the overall environment likely to remain challenging over the coming years, the Global Fund’s efforts will need to be complemented

by strong support on the ground through the establishment of a ‘Friends’ organization potentially hosted and sponsored by a prominent local foundation with ties across the region. The Global Fund will also need to invest in a region-specific media and communications strategy to increase awareness and generate interest around the Global Fund partnership’s activities and achievements.

22. **Strategic Action 7 – Leverage synergies between public and private sector engagement and replicate co-investment partnerships with Arab Funds.** In comparison to other markets, public and private resources are more intertwined in the Oil-rich States in the Middle East, where rulers and ruling families often channel financial support to various development and humanitarian causes both through public institutions and privately. In this context, a ‘Friends’ organization will be helpful in gaining increased information and opportunities to approach prospective donors from different angles. Strategies that appeal to both institutional and individual-driven investment decision-making could also increase chances of success in securing additional resources. Following promising initial discussions with the ISDB, the Global Fund could also leverage up-coming platforms to test the interest of other Arab Funds in replicating the co-investment model that is currently being developed jointly with ISDB. While co-investment partnerships will not increase resources channeled through the Global Fund, these could result in significant new resources for health and other priorities.

#### *BRICS and other G20 countries*

23. BRICS and other non-OECD-DAC members’ economies have grown substantially since 2002. This sustained growth is a proxy for the increase in their funding potential which could have ramifications on development and global health governance but will require a change of policy direction in some countries to accept a greater role in global solidarity efforts. In spite of this shift in global economic landscape but in line with the political positioning of some of these countries, the funds raised by the Global Fund in non-OECD-DAC economies remains relatively modest at around 1 percent of overall cumulative Global Fund public donor contributions.
24. To date, engagement strategies with relation to this diverse group of countries have been highly tailored and differentiated, in particular in relation to countries that were previously recipients of Global Fund support and those that continue to receive Global Fund funding. For countries that were still or until recently Global Fund implementers, previous relations were largely limited to health ministries, and the Global Fund’s recent efforts have been focused on forging stronger links with Foreign Affairs or other ministries (with green light from the Ministry of Health) in order to shift discussions towards various possible forms of contributing to the Global Fund (financial, technical assistance/South-South cooperation or co-investment). While some of these countries have become net donors to the Global Fund, it is widely recognized that it will be a long term process to get contributions up to the level of the Global Fund’s major donors.
25. **Strategic Action 8 – Leverage synergies between public and private sector engagement, pursue public/private co-investment opportunities and other forms of collaboration.** To accelerate the process of transitioning from recipient to donor, the Global Fund needs to continue to propose differentiated, mixed and more innovative partnership approaches. This will need to be the preferred approach particularly where direct cash contributions through the Global Fund are not the highest political priority in a given country. In India, for example, the Global Fund has partnered with the Tata Trusts to establish the India Health Fund, a vehicle that mobilizes and disburses private sector funding to support local NGO-led efforts to fight malaria and TB. Another strategy consists of ensuring support provided to countries are aligned and complementary. In Zimbabwe, China is co-investing with the Global Fund to strengthen the procurement and supply chain by contributing to the renovation of the central warehouse where health supplies procured with Global Fund resources will be stored.

**26. Strategic Action 9 - Promote and incentivize closer engagement with BRICS and other G20.** Greater investment and thinking are also needed around possible incentives for increased engagement and measures to leverage this group of countries' recent/ongoing experience as implementers of disease programs. These could include senior-level secondments to the Global Fund, technical exchange as well as increased participation in Country Coordinating Mechanisms for these countries' representation in implementing countries and stronger and meaningful participation in Global Fund governance. Where needed, there also needs to be investment in building a civil society and political advocacy support base for the Global Fund, as well as country-specific media and communications strategies to increase awareness about the three diseases and the Global Fund.

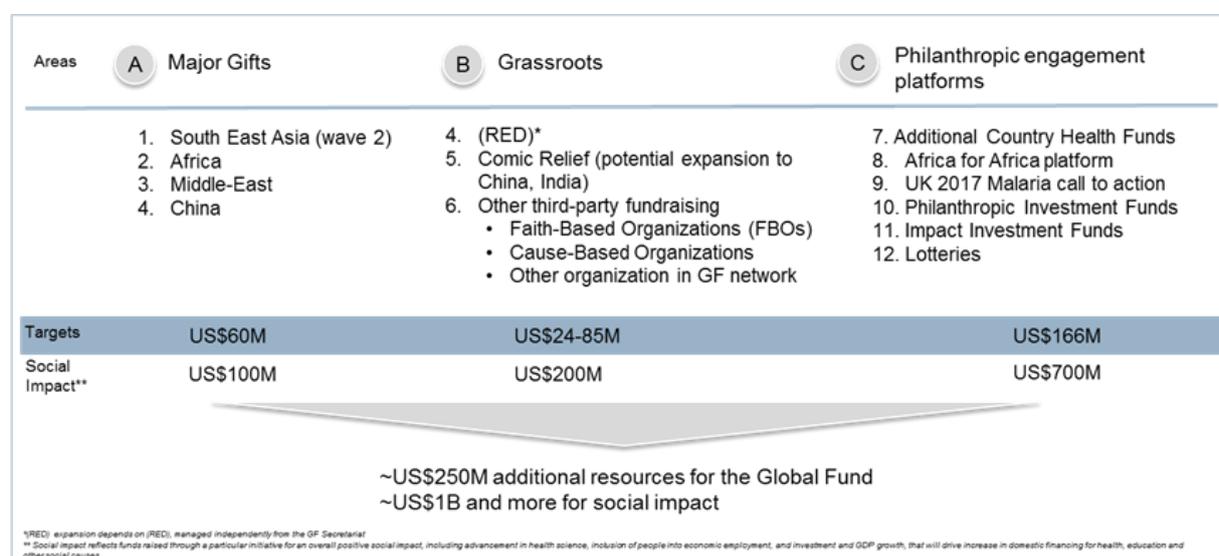
*Private sector and innovation*

27. The more proactive and strategic approach towards the private sector has allowed the Global Fund to raise more resources from the sector compared to previous replenishments. In Montreal in September 2016, private sector pledges, excluding the pledge from the Bill and Melinda Gates Foundation, doubled to reach US\$ 250 million compared to the US\$126 million pledged in Washington DC in 2013. In addition to significantly increasing pledges, the Global Fund has also increased the number of private sector partners.

28. The launch of the Innovation Hub has also contributed to the dynamic relationship with the private sector. While the focus of the Hub is on in-kind contributions and the sharing of expertise to the benefit of Global Fund programs, many Innovation Hub partners have begun to include cash contributions as part of their partnership with the Global Fund. Conversely, this has also opened up new possibilities, including with those donors whose financial contributions are channeled through (RED), for in-kind and other innovative types of support.

29. From both the purely financial resource mobilization and the broader partnership perspectives, there remains huge potential for growth in private sector partnerships. At major international conferences such as the Financing for Development in Addis Ababa in 2015 it has been recognized that in the future development financing will have to tap into the financial markets and develop new models of investments. Fortunately, the Global Fund has already implemented some innovative schemes with private sector investors including venture philanthropy and social impact investment. It is now imperative to expand on these experiences and bring them to scale.

**Figure 2. Private sector resource mobilization expansion opportunities**



30. **Strategic Action 10 – Accelerate and expand the Major Gifts Strategy.** As noted above, the recent success with the private sector is the direct result of growing investment by the Global Fund in private sector resource mobilization with the launch of the Major Gifts Strategy. This strategy focuses on high-net worth individual (HNWI) philanthropists, trusts and foundations and businesses mostly in emerging economies and has a target of mobilizing up to US\$1 billion over 5 years. Continued investment in people, external support, policies and processes will be needed over the coming years to further accelerate efforts to secure Major Gifts.
31. Increased engagement with connectors, individuals or organizations who have access to and who are trusted by HNWIs to advice on philanthropic giving strategies, as well as visibility and participation in private sector platforms at the regional and global levels, will be key in securing new Major Gifts. In addition, the Global Fund could consider holding more dedicated private sector events and donor conventions to address specific needs of these partnerships, given that private sector donors do not need to adhere to the current three-year replenishment cycle.
32. The Amendment of the Global Fund’s Policy for Restricted Financial Contributions (PRFC) is also a key enabler to private sector engagement and has made it possible for the Global Fund to attract new private donors. These include high-net worth individuals but also mission-driven global foundations whose mandates overlap but do not directly mirror the Fund’s. Further improvements to the PRFC based on experience and lessons learned during the most recent allocation period could create an even more conducive framework for the engagement of new donors and expansion of Major Gifts in the coming period.
33. **Strategic Action 11 – Support the expansion of (RED) and other third-party grassroots fundraising initiatives.** To date, the Global Fund has opted not to adopt a grass-roots fundraising strategy of its own, choosing instead to partner with third-party fundraisers. The partnership with (RED), an innovative consumer-marketing initiative whose contribution to the Global Fund is on track to reach US\$500 million by 2019, is by far the most successful and has the strongest potential for future expansion.
34. In recent years, the Global Fund has also secured proceeds from a number of other third-party fundraising efforts. These include faith-based organizations, such as the United Methodist Church and more recently, Catholic Relief Services. Contributions from Comic Relief are also growing with the Global Fund receiving proceeds from both its UK and US campaigns, and a possible expansion to India and China. Corporate-driven fundraising campaigns like the Good-Bye Malaria Initiative also represent an additional source of new funds. Going forward, further supporting and facilitating the expansion of these partnerships for joint resource mobilization campaigns will become another key driver for continuing to grow the private sector’s share of Global Fund resources.
35. **Strategic Action 12 – Explore and invest in innovative Impact investment and Philanthropic engagement platforms.** Investing in innovation and the development of novel financing mechanisms that has the power to mobilize new and additional private sector capital is another area of potential expansion for Global Fund resource mobilization and may generate broader social impact. Building on the success of the India Health Fund, the Global Fund could invest in replicating the country health fund model in other countries where there is country demand as a potential sustainable source of additional funding for health programs as countries transition from Global Fund support.
36. Together with Ecobank and other partners, the Global Fund is also currently shaping a Pan-African Private Sector platform focused on driving prosperity on the continent by supporting the advancement of Health, Education and Economic Inclusion. There are also initial discussions and outreach to Private Equity Funds and other financial institutions on the potential inclusion of a

philanthropic component to their investment products. The activation of an Impact Investment Fund with the primary objective of investing in the development of innovative solutions to accelerate the fight to end epidemics by 2030 is also currently in discussion. Finally, there is also ongoing work to support local stakeholders in developing lotteries in both implementing and donor countries, which could devote part of their revenues to social causes, including health and the fight against the three diseases.

### *The Replenishment process*

37. **Strategic Action 13 – Offer additional platforms to highlight ongoing resource mobilization efforts and convene donors to key replenishment milestones.** The demonstration of partnership, including various forms of private sector engagement as well as the contributions of other non-government partners (for e.g. civil society, faith-based organizations, and academia) to the fight against the diseases at various global and regional events and platforms is key to mobilizing additional support for the Global Fund.
38. In the past, offering highly visible pledging opportunities to donors outside of the typical Replenishment milestones has proven effective in creating strong momentum for ongoing resource mobilization efforts, particularly ahead of a replenishment launch. The Global Fund could consider holding such events if there is interest from the part of new donors in order to provide visibility to new and returning partners and highlight contributions from certain sectors or types of donors. In addition, the Global Fund will need to continue to leverage the conventional milestones that form part of the replenishment cycle in order to demonstrate impact, present a strong investment case and provide a platform for program implementers to advocate on their own behalf.

### Cross-cutting enablers

#### *Strong Board engagement in ongoing resource mobilization*

39. The Global Fund's Board plays an important role in resource mobilization, which is complementary to the Secretariat's efforts. The Board leadership, as principal spokespersons for the Global Fund Board, participate actively in advocating, promoting and raising funds for the Global Fund and its mission, particularly during the peak of the replenishment campaign. The Board's strategic guidance on the adoption of new policies and processes related to resource mobilization is also crucial to advancing efforts.
40. Going forward, the Board and the Secretariat must continue to work together on finding new and innovative ways of mobilizing resources for the Global Fund and to create a conducive policy framework for expanding the Global Fund partnership.

#### *Adapting the governance structure to accommodate new donors*

41. As new donors come on board and with several countries having already transitioned or in the process of transitioning from recipient to net donor, it will be critical for the Board and the Secretariat to respond to expectations that these countries have around having a voice and being able to participate in discussions around Global Fund priorities. This should imply making space available within existing Board constituencies for new donors and/or broader changes to ensure full participation in decision making in order to adapt the current governance model to the changing aid and global health landscape.

### *Increased investment in people, processes and systems*

42. Since 2012, the External Relations Division's resource allocation has stabilized at around 37 full-time staff and a budget of US\$9.4 million per year on average, including staff costs. A number of recent benchmarking exercises, including the Office of the Inspector General (OIG)'s recent Fundraising Advisory Report finalized in March 2017, have found that the Global Fund has a fairly favorable ratio of income generated vs. fundraising share of the Secretariat's total operating expenses as well as ratio of fundraising staff vs. total workforce in comparison to its peers. The return on investment (ROI) of the fundraising budget is at about 450:1; and even when accounting for external financial support to advocacy partners, ROI remains fairly robust at about 200:1.
43. The same OIG advisory report points to a number of risks and areas of under-investment with relation to the current resource mobilization operations. These include the need for:
  - increased investment in succession planning and institutionalization of key knowledge and contacts particularly with relation to highly specialized senior posts;
  - measures to reduce susceptibility of externally funded advocacy operations to fluctuations in external funding; and
  - further enhancing the currently limited options and incentives for the engagement of non-traditional donors (for e.g. enhanced offering for visibility platforms for private sector donors, co-funding/funding for secondments of Senior BRICS Officials to increase mutual knowledge of policies and processes, etc.).
44. In addition to adapting strategies and increasing investment to respond to the challenging resource mobilization context, the Resource Mobilization Action Plan also proposes to fill some of the above-mentioned critical capacity/resource gaps and risk areas.

### **Part 6 - Recommendation**

45. The Secretariat presented the Resource Mobilization Action Plan to the AFC for input at the 3<sup>rd</sup> AFC Meeting in March 2017. Reiterating the importance of ongoing resource mobilization efforts, the AFC expressed broad support for the Action Plan and the target of mobilizing up to \$500 million in new pledges over 2017-2019. The AFC also recognized the urgent need for meaningful representation of new donors to support ongoing resource mobilization efforts, and brings this issue to the attention of the Board. The AFC further requested that the Secretariat provide regular updates to the AFC and the Board on the implementation of the Resource Mobilization Action Plan.

## Annex 1 – Ongoing Resource Mobilization Action Plan Timeline (2017-19)

