



Independent observer
of the Global Fund

Global Fund Resource Mobilization Update

Background

At its meeting on 15 March 2023 the Audit and Finance Committee (AFC) reviewed the current position of resource mobilization matters focusing on:

- The status of pledge conversion for the Sixth Replenishment.
- The outcome and the status of donor agreement signing trends and pledge conversion for the Seventh Replenishment.
- Next steps to be taken in identifying and assessing lessons learned from the Seventh Replenishment.
- Resource mobilization priorities for 2023.
- Current and future efforts to take place on the advocacy and communications fronts.
- The risks that the Secretariat needs to actively mitigate during the current replenishment cycle.

Update on Sixth Replenishment pledge conversion

As of 31 December 2022, 92% of adjusted pledges had been received in cash, 6% higher compared to the same period of the Fifth Replenishment. The Global Fund's resource mobilization efforts for the COVID-19 response mechanism concluded on 30 September 2022, with over \$4.2 billion raised to support countries in combating COVID-19 and mitigating its impact on the three diseases since the beginning of 2020. As of 31 December 2022, agreements for the Global Fund's COVID-19 Response Mechanism (C19RM) had been signed by all donors and contributions of \$4.1 billion had been secured in cash.

All 13 non-financial or in-kind/innovation partnerships with the private sector for the Sixth Replenishment period have contribution agreements in place and are on track for delivery, with 83% of their workplans implemented. These partnerships leverage and transfer expertise from leading partners such as Google, Johnson & Johnson, Microsoft, Project Last Mile, and innovative start-ups in areas such as supply chain management, patient insights, technology and data management to strengthen in-country health systems and service delivery. 70% of these partnerships include the production of knowledge and/or learning assets, and 90% of them include at least one country-based project in progress.

Seventh Replenishment outcomes and pledge conversion

As of 31 December 2022, the Global Fund partnership had secured commitments totalling \$14.42 billion from 50 public donors and \$1.25 billion from 27 private donors for a grand total of \$15.67 billion for the 2023-2025 allocation period, compared with the target of at least \$18 billion set in the Seventh Replenishment Investment Case. The Secretariat is now focusing on laying the groundwork for the conversion of Seventh Replenishment pledges by accelerating the negotiation of donor contribution agreements for the 2023-2025 period. As of 31 December 2022, conversion of pledges was already underway with 12 pledges signed into contribution agreements (six for the public sector and six for the private sector) and almost \$500 million had been received in cash.

While payment delays or defaults resulting from the challenging macroeconomic and geopolitical environment cannot be excluded, controls and mitigations on pledge conversion have been tightened and additional measures continue to be in place as part of the Secretariat's contingency plan. The continued support and advocacy from Board and Committee members will be important for ensuring timely pledge conversion in addition to the mobilization of advocacy partners, including civil society organizations, communities, members of parliament, and champions.

Lessons learned from the Seventh Replenishment: process and next steps

The Secretariat has initiated a review to assess: (1) the overall replenishment strategy and coordination; (2) performance against the overall objectives, including drivers for success and main challenges; (3) roles and decision accountabilities; and (4) factors and trends to inform resource allocation. The review will examine in more depth: the coordination and engagement with host countries; the investment case and the related narrative and campaign; the way in which events and platforms were used, including the execution of the two main conferences; and the engagement of Global Fund voices and stakeholders across the partnership. Expected deliverables of the review include internal and external lessons learned reports, updates to replenishment process maps and key principles, and updated sub-processes and tools. The process started in November 2022 and will end in July 2023.

Resource mobilization, advocacy and communications in 2023

The Global Fund will continue to mobilize funds throughout the Seventh Replenishment period to further meet the needs identified in the Investment Case and to leverage the United States' matching pledge. These efforts will focus on reaching out to public donors who did not pledge for the 2023-2025 period, pledged annually or for only part of the cycle, and monitoring budgetary processes and the broader

landscape to identify potential contributions. The full Global Fund partnership will need to actively support the cultivation of new or emerging opportunities in a very competitive and challenging environment.

The Secretariat is committed to continuing to work side by side with partners and advocates to ensure pledge conversion, mobilize additional funding, and help ensure that resources reach those most affected by the three diseases. The sustained partnership among civil society and community advocates is particularly important in the context of increasingly restricted space for these actors in many countries. A great number of civil society and community organizations face diminished funds or are expected to stretch flat levels of funding to address even more issues. COVID-19 restrictions took a significant toll on these partners, which requires investments in rebuilding relationships and covering ground that was lost throughout the course of the pandemic.

Alongside the Seventh Replenishment lessons learned exercise, an analysis of the evolving advocacy ecosystem and its significance to the Global Fund partnership is underway and expected to be completed within the second quarter of 2023. This analysis will then inform the development of an advocacy ecosystem action plan to guide priority-setting as the partnership begins to look towards the next replenishment.

Throughout 2023, the Secretariat will engage with partners on a number of key advocacy platforms, including but not limited to the G7 and G20, the three UN high level meetings mentioned above, the Women Deliver Conference and ICASA, all of which provide significant opportunities for the Global Fund to continue articulating its unique impact, use its diplomatic voice, and amplify community voices.

The Secretariat will also continue and strengthen its engagement with partners in the global health and wider global development ecosystem, including technical partners, the African Union, the Africa Centre for Disease Control and Prevention and other regional bodies, implementing countries, private sector leaders, various influencers, and Board constituencies to sustain the momentum towards ending AIDS, tuberculosis and malaria and the unique role of the Global Fund in a fast evolving global health conversation and architecture.

In 2023, the Global Fund will continue to sharpen its messaging and positioning by exploring the interconnection between its investments in global health and the pressing issues of the day, including climate change, conflict and instability, and the attendant food and energy crises. The messaging will show how, by championing equity, the Global Fund partnership can continue to be a powerful force for change in ending the world's deadliest diseases and preventing and preparing for future pandemics. To further illustrate this positioning, the Secretariat will gather and amplify compelling stories and content from countries and regions most impacted by these crises and showcase the Global Fund's ongoing work to support the most vulnerable communities and reinforce health systems around the world.

The Global Fund's core communication objective will remain to clearly show the partnership's impact in country, delivering for communities and saving lives. Clear insights will be provided into how investments are showing results against the three diseases and in building stronger health systems. Communications work will also make further strides in enhancing transparency and providing clear and compelling data on program results.

Risk management

Despite the challenging context, the risk of loss of donor support and confidence during the Seventh Replenishment campaign did not materialize, with the vast majority of the Global Fund's donors maintaining or increasing their support. However, as commitments for the Seventh Replenishment need to be fully converted and some Sixth Replenishment payments are still outstanding, the Secretariat will focus on ensuring that pledge conversion is achieved as per agreed schedules and targets.

To ensure stability in resource mobilization efforts, the Secretariat will continue to mitigate the fundraising risks that have emerged and sharpened during the last replenishment process. Such actions include:

- a. Ensuring strong and close relationships with donors at all times, and constantly showing and proving to them the added value of the Global Fund model, and the importance of multilateral investments, country and community ownership and voice, and evidence-based and cost-effective interventions;
- b. Ensuring strong and bipartisan/multiparty commitment in parliaments given the political volatility in many donor governments;
- c. Having an adequately resourced and engaged advocacy network that can provide game-changing and credible advocacy targeted at donors;
- d. Sustaining a recognizable and valued brand and continuing to deliver clear and impactful communications that provide the space for donor leaders to make extraordinary commitments for global health; and
- e. Creating opportunities for innovative and non-traditional partnerships with the private sector that enable key initiatives to progress and lay the groundwork for the major scale-up of novel approaches and solutions.

Next Steps

The Global Fund will continue to pursue all opportunities to identify and mobilize additional funding from both public and private sources. This will require the constant adaptation and implementation of a compelling advocacy and communication strategy that shows both the immediate life-saving outcomes of Global Fund financing as well as the effective support it provides to sustainable systems for health.

The role of the Global Fund in the global health landscape, and the contribution it makes not just to fight infectious diseases but in ensuring equity and access as a key component of universal health coverage and in support of pandemic preparedness, needs to be constantly reaffirmed, explained and justified. This will require partners to advocate for the Global Fund's model, in particular in the context of upcoming international meetings, negotiations and consultations. The Secretariat will work with partners to produce clear and compelling arguments and evidence in support of the role of the Global Fund partnership in delivering for the poorest and most vulnerable communities in the world, including in the most challenging operating environments, thereby establishing our unique and valuable role in advancing global health outcomes.

Stakeholder feedback

In the context of an underfunded Grant Cycle 7 (GC7) catalytic investment (CI) portfolio, many people have expressed concern that this may affect implementation of the 2023-2028 Strategy.

As noted by the Secretariat, CI modalities often act as drivers for innovation and change. Therefore, noting the anticipated underspending from the NFM3 strategic initiatives (SI), stakeholders have requested further information about the process and timeline for the reallocation of NFM3 unspent funds. They have also asked the Strategy Committee to explore the possibility of reallocating the NFM3

underspend on SIs to the GC7 CI envelope.

They see significant opportunities to strengthen the Global Fund's ability to negotiate domestic commitments (co-financing) into systems for health that are impactful on HTM and are measurable. They welcome the emphasis on better data as well as more transparency and accountability, particularly with commitment letters and requiring clearer programmatic breakdowns in them. However, they believe that a greater level of transparency is needed now of historical and new commitments, details of compliance with the policy across the portfolio, and sharing with the Board reports on non-compliance/implementation of co-financing commitments. This is particularly important given the consistent reports of failure to meet domestic commodity commitments. They therefore asked three questions:

- How has co-financing been tracked over time (e.g., verified budget execution data) and what decisions/actions does and will non-compliance trigger?
- How will partner platforms and mechanisms (e.g., Africa Union's Scorecard and Tracker on Domestic Financing for Health) be leveraged to monitor and report on commitments?
- What is the plan to publish co-financing data and compliance to increase transparency?

It is felt that Global Fund resource constraints may inhibit participation in blended finance transactions, which will require more precision on when they are appropriate and when not. They question whether, based on existing analyses (e.g., OIG advisory, prior transactions) if there is sufficient clarity. If not, this may benefit from an independent assessment.

Stakeholders also had plenty to say about set-asides; and you can read about this in Article 5.

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