



Independent observer  
of the Global Fund

## Will the private sector step up (enough) for the Global Fund's Sixth Replenishment?

At this year's annual World Economic Forum meeting in Davos in January, the most exclusive and possibly most hyped global private sector conference in the world, Global Fund Executive Director Peter Sands issued a challenge to the private sector, [to contribute at least \\$1 billion](#) to the overall Sixth Replenishment target of at least \$14 billion for the Global Fund's next funding cycle.

The language setting out the challenge is careful: The actual wording on the Global Fund website reads: "Of the at least \$14 billion, the Global Fund is calling on the private sector to mobilize at least \$1 billion to step up the fight".

Though the Global Fund will in fact count only financial contributions in reaching the \$1 billion, the difference between "mobilize" and "contribute" (or "invest" or "give" or "pay") is immense – and highlights the distinction, unique to this sector's role in the Global Fund partnership, between financial and non-financial contributions. The Global Fund's private sector resource mobilization includes direct funding as well as "innovation, expertise and advocacy".

John Fairhurst, Head of Private Sector Engagement at the Fund, spoke with the GFO to discuss private sector pledges for the Sixth Replenishment. Fairhurst said he expects that most announcements from the private sector will occur at the pledging conference on October 10, including that of the Gates Foundation, and Product (RED).

The Foundation's pledges in the past per funding or Replenishment cycle have grown from \$150 million in 2001-2005 to \$649 million (pledged) in 2017-2019, amounting to a total of \$2.252 billion, of which \$2.034 billion has been contributed.

Product (RED) has pledged and contributed \$100 million for each of the past two Replenishment cycles.

It is hoped that the private sector pledges that are already known therefore represent just a small fraction of the total (see Table 1 below), and that other corporate and nongovernment partners will make additional pledges in the spotlight of the Replenishment Conference.

Table 1: Private sector financial pledges already announced for the Global Fund's Sixth Replenishment

Private sector company	Amount (US\$) for 2020-2022	Amount over 5 years
Co-Impact	5,050,000	8,000,000
Cordaid	5,000,000	
Goodbye Malaria	5,500,000	
Human Crescent	10,000,000	
Takeda	5,400,000	9,000,000

Source: Global Fund Secretariat

Referring to some of the non-financial pledges made around innovation at the World Economic Forum Africa meeting in Cape Town, South Africa in early September, Fairhurst said that the Fund recognizes that there is "potentially huge value in some of the innovation spaces, but putting a valuation on the intellectual property of the capabilities the private sector brings is obviously very difficult to do." Because of that, the Fund has tended not to do that formally, or present it formally, he said, because there are so many different perspectives as to how such valuations could be done.

#### Financial and non-financial pledges

At the beginning of the Global Fund's efforts to engage the private sector in the fight against the three diseases, starting in 2002, the purely financial pledges from corporate partners were relatively small (between 2001 and 2005, the total amount contributed by all Private Sector and Nongovernment sources was \$155.8 million). These pledges were anchored by "some of the big corporate organizations that were obviously very proactive and thoughtful about the crisis we were dealing with, as well as some of the faith-based organizations," Fairhurst said.

In more recent years, and especially since the start of Product (RED) in 2007, financial contributions have grown significantly: from \$359 million between 2011 and 2013, to \$628 million between 2014 and 2016, and currently to \$850 million between 2017 and 2019 (see the [Global Fund's September 2019 Pledges and Contributions report](#) for an itemized list).

But this growth, Fairhurst says, is hiding a number things: the success of (RED), which has driven the changing context for private sector engagement, as well as the longstanding, consistently growing support of the Bill & Melinda Gates Foundation. There have been other changes in the context within which the Global Fund works and in the funding landscape, Fairhurst pointed out, with companies approaching "corporate social responsibility" differently than how they used to, and approaches to philanthropy

becoming “a lot more sophisticated” over the past three Replenishments. “So what we’ve been working on is to make sure the Global Fund is well-positioned within that changing context,” he said.

### Focus on strategic partnerships with private sector

Overall, the Private Sector Engagement team would like to create “a deeper set of strategic partnerships in the resource mobilization space,” Fairhurst said. In this context, the private sector team (via the Audit and Finance Committee) requested the Board to approve a change to the Global Fund’s policy around private sector contributions, allowing the Private Sector team to [raise funds to complement the catalytic investment funding pool](#). (This was approved by the Board in May 2019.) Catalysing further funding and/or impact is an idea that “is really interesting for private funders,” Fairhurst said, describing the kind of impact and growth the private sector likes to see.

### Optimising private sector skills

While of course financial pledges are crucial, the Fund is also focusing strongly on attracting expertise that resides mostly within the private sector. “The private sector has a core skill set that can help us solve critical problems for the Fund,” Fairhurst says, like helping the Fund use information to enhance the [implementers’] ability to find and support TB patients, to improve supply chains and be able to deliver products more effectively. Another example of a case where the private sector holds proprietary skills and capabilities is around data, where technology and mobile phone companies possess advanced expertise in creating systems to allow data to flow and be used effectively – potentially a powerful tool for the Global Fund.

For this reason, he said, the Fund frames its ‘innovation’ partnerships in the context of why they’re important in solving critical barriers for the Global Fund.

While the Fund is pleased by the progress so far in private sector pledges, “the next two weeks are really important in terms of closing some of the conversations.” Fairhurst said that for the private sector, a lot of the pledges would be announced in Lyon. (In contrast, most of the major public sector pledges are already known.) “We know that the significance of reaching the [one] billion will happen there,” he said. “Hopefully this will make for an exciting set of announcements.”

Editor’s note: In November 2016, the Global Fund Board confirmed in a Decision Point (GF/B40/DP04) the importance of the role played by the private sector in the Global Fund’s resource mobilization strategy — providing both financial and non-financial resources to the Fund’s efforts to combat HIV, TB and malaria. The Private Sector Engagement (PSE) Framework approved as part of this Decision Point consolidates and updates previous Global Fund private sector engagement policies.

### Further reading:

- [Private sector “delivery innovation” pledges](#) for the Sixth Replenishment
- List of [the Global Fund’s private sector and nongovernment partners](#)
- [The Global Fund’s latest Pledges and Contributions report](#) (downloadable in Excel or PDF)
- The Global Fund Board’s decision on raising private sector funds for [Catalytic Investments for the 2020-2022 Allocation Period](#).

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