



Independent observer
of the Global Fund

SPECIAL ISSUE

51ST GLOBAL FUND BOARD MEETING

APRIL 2024, GENEVA

Global Health Financing in Turbulent Times: A Detailed Analysis of The Global Fund's Resource Mobilization and Recovery Efforts

Introduction

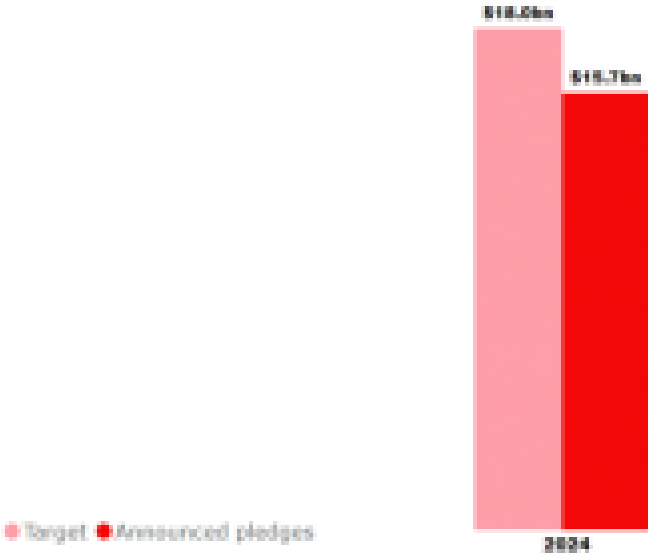
As the Global Fund gears up for its next funding cycle amidst an increasingly complex global economic landscape, its latest reports to the Audit and Finance Committee provide a granular view of its operations. These reports reveal not only robust achievements in resource mobilization and fund recoveries but also outline the challenges and strategic maneuvers needed to sustain its mission against global epidemics. Amidst economic uncertainty and geopolitical shifts, the organization remains steadfast in its mission to combat epidemics of HIV, tuberculosis, and malaria while navigating the complexities of international funding.

Strategic Resource Mobilization: A Path Forward

The Global Fund's resource mobilization strategy is a testament to its proactive stance in securing the financial means necessary for its Eighth Replenishment cycle (2026-2028). Despite a challenging economic backdrop, as of December 31, 2023, the Fund has already transformed 28% of its Seventh Replenishment pledges into a notable \$3.8 billion in cash. This demonstrates enduring donor trust and is consistent with the historical performance of previous cycles. However, the 7th Replenishment faced a

shortfall, reaching only 87% of the ambitious \$18 billion target (Figure 1). This gap compels the Global Fund to critically assess and refine its engagement strategies, particularly in light of what prevented full pledge realization, to safeguard the Fund's ability to meet its objectives without reducing the quality and scope of its health programs. Furthermore, this scenario underscores the need for enhanced efficiency in the utilization of available funds, ensuring maximum impact per dollar spent and reinforcing the value proposition of investing in the Global Fund to existing and prospective donors.

Figure 1: Announced Pledges in Global Fund Grant Cycle 7



In preparation for the Eighth Replenishment, the Global Fund has leveraged lessons from the past to enhance its engagement strategies. The organization recognizes the importance of maintaining strong donor relationships and bipartisan support, particularly in parliaments, to mitigate the volatile fundraising environment it operates within. For instance, proactive advocacy and strategic communications have been key in ensuring that the Global Fund remains a recognized and valued partner in global health. The Global Fund, along with other key global health organizations like World Health Organization and Gavi, faces the additional challenge of synchronizing their replenishment drives, as all three nearly coincide in their funding timelines.

Furthermore, the Global Fund has secured 62 agreements with public governance entities, indicative of a robust and reliable funding stream that has brought in \$7.1 billion. This influx includes \$2 billion in cash receipts for the first quarter, reflecting an impressive 35% receipt rate. Additionally, \$17.4 billion from the 6th replenishment represents a 99% conversion success, leaving the Fund well-positioned to close the marginal gap and solidify its financial base for forthcoming health initiatives.

For a deeper dive into the strategic approaches shaping the Global Fund's 8th Replenishment, visit [Navigating the 2024-2025 Replenishment Era: Strategies for the Global Fund's 8th Replenishment](#), which explores the pivotal strategies being implemented to ensure robust funding and impactful results

Navigating Challenges in Resource Mobilization

Despite its achievements, the Global Fund faces several challenges that could impede its fundraising efforts. The current economic instability and political uncertainties pose risks to timely pledge conversions and may affect future funding commitments. In response, the Global Fund is exploring innovative financing mechanisms and non-traditional partnerships, particularly with the private sector, to diversify its funding streams and reduce reliance on traditional donor bases.

For 2024, key priorities include increasing the visibility of the Global Fund's impact and role in international health at major global platforms such as the World Health Assembly, the G7, and G20 summits. These events provide critical opportunities for advocacy and positioning, allowing the Global Fund to align its objectives with global health priorities and secure the necessary endorsements and financial backing.

The Global Fund's reliance on public sector donors is apparent, with a significant 92% (US\$ 14.43 billion) of the total pledges sourced from 50 donors. This dependency raises critical questions about the vulnerability of the Fund to the fluctuating priorities of political landscapes and the economic health of donor countries. Conversely, the private sector's contribution stands at 8% (US\$1.25 billion) from 29 donors, signaling an untapped potential for diversified funding streams.

The engagement of the private sector is not novel for the Global Fund, it engages with philanthropic investment platforms; pooled health funds; pooled private sector-led platforms; Grassroots partnerships; and high net worth individuals as well as non-government partners and corporate entities. You can find a list of them [here](#). However, its potential is yet to be fully realized. The strategic inclusion of private donors is a complex endeavor that presents both opportunities and challenges. On one hand, private funding can introduce agility and innovation, drawing from corporate efficiencies and market-driven approaches to problem-solving. On the other, it is essential to critically analyze and manage potential conflicts of interest and ensure that private contributions align with the overarching goals of public health initiatives. Discussions in the public domain, supported by research and analysis, suggest that while the private sector's involvement could drive transformative changes in global health initiatives (GHIs), a careful balance must be maintained to preserve the integrity and primary objectives of the GHIs.

Strategic reflections post the 7th replenishment have yielded valuable insights, informing the Global Fund's refined focus on enhancing their positioning in the global health arena. Key to their strategy is balancing the fight against the three diseases with the imperative for broader health system strengthening, ensuring the Global Fund's identity is not just visible but is synonymous with health impact and innovation.

The prevailing global ‘poly-crisis’ of political, economic, and health challenges necessitates that they work closely with stakeholders to mitigate risks. Their strategies, shaped by these engagements, are aimed at securing bipartisan support and strengthening advocacy network to confront and adapt to these challenges.

Advocacy and Visibility Efforts

2024 is marked by significant events that the Global Fund is leveraging for enhanced visibility and advocacy. Participation in the 77th World Health Assembly and engagement during the G20 summit are critical in positioning it at the forefront of global health discussions. These platforms not only provide opportunities to showcase impact but also to secure endorsements and commitments from global leaders.

The role of advocacy networks cannot be understated. By mobilizing civil society and leveraging community networks, the Global Fund ensures that its mission resonates at the grassroots level, thereby amplifying the impact of its health programs.

The Global Fund’s advocacy strategy is gaining momentum, with concerted efforts to align with partner countries’ health agendas and bolster political engagement. The advocacy network, pivotal to these efforts, underscores the essential role of both external and domestic financing. Detailed updates on their financing strategies and international forum participation will be shared in November.

The upcoming year’s calendar teems with significant events that present unique advocacy opportunities. Elections, health financing forums, and other platforms will serve as pivotal moments to promote the importance of robust health budgets and to foster support for advocacy networks at the domestic level.

Efficient Management of Recoveries

On the recovery front, the Global Fund’s latest report highlights its rigorous efforts to manage non-compliant expenditures, with a total of \$35.5 million currently under recovery. This includes \$33 million in non-OIG (Office of Inspector General) recoverable amounts and \$2.5 million in OIG-specific recoveries. The slight increase in OIG recoverables—from \$2.4 million in June to \$2.5 million by year-end—reflects ongoing challenges and the Global Fund’s commitment to strict financial oversight.

Significant recoveries include new demand letters in the Democratic Republic of Congo and Kenya, amounting to \$2.9 million and \$1.6 million respectively, triggered by findings from robust audits and

investigations. These efforts are part of a broader strategy to enhance transparency and accountability in fund utilization, ensuring that every dollar is spent towards achieving its mission.

Challenges and Opportunities in the Evolving Global Health Landscape

Economic Constraints

The ongoing economic constraints globally present a unique challenge to health funding. These challenges are often characterized by tightened budgets and reduced discretionary spending by traditional donor nations, potentially impacting the availability of resources for international health initiatives. The Global Fund actively monitors these economic trends to anticipate and mitigate risks associated with funding shortages. Strategic measures include engaging with economic forums and multinational partnerships to advocate for sustained financial commitment even during economic downturns.

Opportunities for Growth

Emerging markets and innovative technologies present significant growth opportunities for the Global Fund. There is potential to harness digital health solutions to improve service delivery and patient monitoring in remote areas. Additionally, the Global Fund is exploring entry into emerging markets where health financing is becoming a priority, and domestic resources are increasingly allocated to health services. These markets offer new donor bases and partnerships, enhancing the Global Fund's capacity to meet its objectives.

Stakeholder Perspectives and Strategic Priorities

As the Global Fund prepares for its Eighth Replenishment, stakeholders have expressed satisfaction with the current trajectory of pledge conversions, with significant proportions of the Sixth and Seventh Replenishment pledges already converted into cash contributions. This successful conversion rate underscores the confidence of the international community in the Global Fund's capabilities. However, stakeholders emphasize the need to strengthen relationships with donors and showcase the impact and cost-effectiveness of the Global Fund's interventions. The emphasis is on crafting clear communications that highlight the organization's unique role and value in the broader global health context, particularly in catalytic spaces such as digital health and community health systems.

The upcoming replenishment cycle presents a key opportunity for the Global Fund to enhance its positioning, visibility, and advocacy efforts. To effectively mobilize resources, it is deemed crucial to maintain a consistent narrative that showcases the complementarity and impact of the Global Fund alongside other global health partners. Stakeholders suggest the necessity of a robust Investment Case

for the Eighth Replenishment, aimed at demonstrating the concrete impact and value of investments to current and potential donors.

One particular concern raised is the need to avoid a pre-emptive mindset of “self-inflicted austerity” and instead pursue an ambitious replenishment drive that builds on scientific advancements and global coordination efforts. Stakeholders are advocating for a comprehensive strategy that emphasizes the Global Fund’s successes and its strategic use of innovative funding mechanisms to draw in a higher level of investment.

Furthermore, stakeholders highlight the importance of transparency and quality in pledge management. There is a call for open dialogue with other donors and the Secretariat regarding the allocation of set-asides, with a focus on ensuring that the Global Fund’s investment case is coherent and complementary with those of other global health initiatives. This approach seeks to maximize the collective impact on health systems while reducing the transaction costs imposed on countries.

As discussions continue, the Global Fund is encouraged to involve all stakeholders, including civil society and communities affected by the three diseases, in shaping its resource mobilization strategy. This inclusive approach will ensure that the replenishment efforts are not only successful but also aligned with the principles of equity and sustainability that are central to the Global Fund’s mission.

Future Outlook and Strategic Planning

Looking ahead, the Global Fund is preparing for the pivotal Eighth Replenishment Pledging Conference, where it aims to secure the bulk of its funding for the 2026-2028 period. The success of this conference is critical not only for the continuation of existing programs but also for the expansion of initiatives into new regions and populations at risk.

In addition to financial strategies, the Global Fund continues to refine its operational approaches to ensure greater efficiency and impact. This includes improving its risk management frameworks to better identify and mitigate potential financial discrepancies and enhance the overall effectiveness of fund allocation.

Conclusion

The Global Fund is currently developing an investment case for the upcoming funding cycle. This effort involves collaborative engagements with technical partners to align resource needs and parameters. The upcoming modeling guidance group meeting will concentrate on integrating partner updates and refining their analytical models to effectively estimate the investments’ health impacts.

In light of the Global Fund's current fiscal landscape, it is clear that while substantial progress has been made, significant challenges lie ahead. The 7th Replenishment shortfall is a stark reminder of the need for strategic innovation in funding models, particularly to enhance the role of private sector contributions, which remain under-leveraged. As the Global Fund moves towards its Eighth Replenishment, it must prioritize diversification of its donor base to ensure resilience against the ever-changing global economic and political climates.

Moreover, the Global Fund must continue to champion inclusivity, gender equality, and human rights within its operations while streamlining access for civil societies and communities. This approach will not only broaden the scope of its advocacy but also solidify its commitments to the principles that underpin its mission.

As stakeholders navigate through these complex times alongside the Global Fund, their collective efforts must focus on reinforcing the organization's capacity for impactful health interventions. Through strategic planning, inclusive engagement, and adaptive management, the Global Fund can sustain its critical role as a GHI in ensuring that every investment is made with a vision for a healthier future for all.

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