

FRAMEWORK FOR RESOURCE MOBILIZATION FOR THE GFF

OVERVIEW

This paper lays out the proposed approach to resource mobilization for the Global Financing Facility and requests feedback and discussion from the Investors Group on the approach. The paper needs to be reviewed in conjunction with paper GFF/IG2/4 *Proposed Approach to Facility Countries*, as well as GFF/IG2/8 *Private Sector Engagement* and GFF/IG2/9 *The GFF In Fragile States And Humanitarian Settings*. The *Partnership Communication Strategy* (GFF/IG2/7) lays out the communication and advocacy necessary to ensure success for the GFF as well as to support resource mobilization.

ACTION REQUESTED

The Investors Group is requested to provide feedback on the proposed strategic direction and to agree on the proposed approach to resource mobilization.

RECOMMENDATION

It is recommended that the Investors Group retain this item as a regular issue on their agenda and that the Secretariat provide annual updates, to be given at the last Investors Group meeting of every year on the status of the strategic directions laid out in this paper.

INTRODUCTION

The Global Financing Facility was conceived as a mechanism to scale up smart investments in reproductive, maternal, newborn, child and adolescent health in a sustainable way. The recent launches of the Sustainable Development Goals (SDGs) and the UN Secretary-General's Global Strategy for Women's, Children's and Adolescents' Health (Global Strategy) create an important opportunity to drive smart, scaled, and sustainable financing for RMNCAH.

Resources and financing are at the heart of the GFF agenda and so of central concern to the Investors Group, but to ensure alignment of the approaches to resource mobilization, the GFF needs a resource mobilization strategy. A resource mobilization strategy for the GFF needs to be ambitious and creative to meet the expectations of the stakeholders, but also needs to be grounded in the existing health financing landscape and the fund-raising processes of the diverse members of the partnership.

THE CHALLENGE AND THE OPPORTUNITY

The GFF acts as a pathfinder in a new era of financing for development by pioneering a model that shifts away from focusing solely on official development assistance to an approach that combines domestic financing, external support and innovative sources for resource mobilization and delivery, including the private sector, in a synergistic way. Although financing for RMNCAH has increased in recent years¹, the financial shortfall was estimated at US\$33.3 billion in 2015 in high-burden, low- and lower-middle-income countries, which amounts to US\$9.42 per capita per year.²

GFF works to close the gap in three ways:

1. By crowding in additional domestic resources, particularly by ensuring the benefits of economic growth are directed to the health of women, children, and adolescents, and by improving the efficiency of the utilization of resources for health through smart financing, which is estimated to result in a reduction of the incremental resource needs of approximately 15% by 2030;
2. By harnessing the private sector through innovative financing mechanisms that increase investment into RMNCAH and foster private sector partnerships;
3. By further mobilizing development assistance for health and improving the coordination of this assistance.

As a result of the combined effect of these approaches, the gap falls to US\$7.4 billion (US\$1.74 per capita) in 2030³.

The most significant contributor to closing the gap is domestic financing from public sources, particularly as a result of economic growth. **Domestic public financing** is estimated to be able to close more than

¹ As will be discussed in agenda item *Financing for RMNCAH* at the Second Investors Group meeting.

² *Global Financing Facility in Support of Every Woman and Every Child: Business Plan, June 2015*

³ The potential benefits of additional private financing for RMNCAH was not able to be captured rigorously in the modeling work that generated the financing gap estimates (due to data limitations), but it is estimated that private financing can play a critical foundation in closing the remaining financing gap by 2030.

half of the financing gap by 2030. There are three key elements to increasing domestic resource mobilization from public sources:

1. Ensuring that economic growth translates into increased government revenue (e.g., through strengthened tax collection);
2. Ensuring that health is appropriately prioritized in national budgets (which has historically not been the case in many countries);
3. Ensuring that within the health sector RMNCAH receives adequate resources (which also has not always been the case in many countries).

Additionally, there are significant opportunities to improve the utilization of financing in the health sector: the World Health Organization estimates that 20-40% of health spending “is consumed in ways that do little to improve people’s health.”⁴ Improvements both in ensuring that the right approaches are being financed – allocative efficiency – and that they are being implemented optimally – technical efficiency – are necessary.

Both of the foundational elements of the GFF approach – the Investment Case and the health financing strategy – have important roles to play in generating additional resources and making more efficient use of existing financing. The Investment Case, for example, contributes to smarter financing by focusing on identifying “best buys”, which improves allocative efficiency by shifting resources from approaches that are less cost-effective to those that deliver better value for money. Additionally, the Investment Case addresses not only which services are delivered, but *how* they are delivered, including both the modes of delivery (public, private, not for profit) and the location of delivery (facility, household, community). Shifts in these are often critical to improving technical efficiency.

Health financing strategies address the major functions of health financing – revenue generation, purchasing, and pooling. The analytical work that underpins health financing strategies, such as fiscal space analyses, is important in the process both of identifying where resources can come from and how to improve the efficiency of existing financing. The GFF further supports this through the appropriate use of incentives and other tools to encourage domestic resource mobilization and more efficient use of financing.

The second important channel to close the financing gap is by harnessing the private sector. This is true at both national and global levels: the local private sector is burgeoning in most GFF countries and there is considerable scope to tap it more fully to address RMNCAH outcomes, while there are significant unexploited opportunities to mobilize international private capital and the broader resources of private companies that operate globally.

Private financing⁵ will be leveraged in two ways: through innovative financing mechanisms that increase private capital investment into RMNCAH, and through partnerships with private sector at global,

⁴ World Health Organization, “World Health Report: Health systems financing: the path to universal coverage,” 2010.

⁵ See *GFF-IG2-8 Private Sector Engagement* for a detailed explanation of these approaches.

regional and national level to draw in resources and expertise. This will complement the health financing work at the national level and be done in an equitable way that does not increase out-of-pocket expenditures.

- **Innovative financing**

The GFF has a unique opportunity to broker impactful financing structures and effective, market based solutions for investments into RMNCAH. GFF can leverage grant funds to raise additional financing for countries and to support increased private investment in RMNCAH through vehicles such as:

- Pay-for-performance structures (e.g., GFF-IBRD buy-down; development impact bonds);
- Catalytic financing for private investment (in collaboration with IFC).

- **Private sector partnerships**

The GFF launch has attracted great interest among private sector actors at the global, regional and national level, who are keen to bring their resources and expertise to countries through sustainable business models and partnerships along the RMNCAH continuum of care. The GFF facilitates partnership for innovation, global public goods and resource mobilization, including in-kind contributions of expertise, technical assistance and capacity building. These partnerships can be characterized as:

- Between private sector and specific countries;
- With the private sector for global public goods;
- With global public sector to mobilize resources for countries.

Finally, even with increased resources from domestic financing and the private sector, there will still be a need for external support in the form of **development assistance for health (DAH)**. DAH for RMNCAH has been increasing in recent years but will need to continue to grow if the financing gap is to be closed. In addition, there is significant room to improve the efficiency of DAH: at the country level challenges remain around coordination, leading to duplication in financing of some areas and insufficient resources being directed at key priorities, while at the global level allocations of DAH are not in line with need. There is also a lot of scope to use DAH in a more innovative way, through approaches that create a multiplier effect and are strongly results focused (e.g., IBRD buy-downs).

There is considerable potential for increasing DAH, but it is clear that these will have to extend beyond the traditional reliance on official development assistance (ODA): after years of increase, ODA for health is leveling off, and there are significant fears that pressures on development assistance budgets in some of the historically most generous nations (e.g., in the face of refugee influxes and mass displacement) will further limit the possibilities for ODA increases.

However, a range of other sources have not been fully tapped for RMNCAH. This includes a number of emerging donors that have thus far had limited engagement with RMNCAH but that have expressed interest in certain elements of it or certain geographies/types of countries (e.g., fragile states). Another promising channel is providing further support to countries that wish to make a greater use of financing from IDA, IBRD, and other multilateral development banks for RMNCAH. Additionally, both the Global

Fund and Gavi are major contributors to financing RMNCAH, with the former indicating that it intends to increase its emphasis on women and children's health over the course of its coming 2017-2022 strategic plan period.

In terms of improving the complementarity of financing, the GFF approach of supporting countries to develop prioritized Investment Cases creates an optimal environment for improving alignment at the national level. The Investment Case defines a set of nationally-owned priorities that in-country bilateral donors and multilateral financiers (including the Global Fund and Gavi) can use as a basis for financing.

Additionally, global allocation of ODA is suboptimal, resulting in countries that are experiencing significant RMNCAH challenges receiving disproportionately small amounts of financing. Improvements in the global allocation of financing could significantly improve efficiency in the system.

To complement this, the GFF Trust Fund (TF) has been established as a multi-donor trust fund at the World Bank. The GFF Trust Fund provides catalytic funding that is critical to closing the financing gap. The trust fund does this in four key ways:

- By supporting the development of Investment Cases and health financing strategies (including both the processes themselves and the analytical work that underpins them), which, as discussed earlier, is critical to mobilizing and improving the efficiency of domestic financing and development assistance for health;
- By linking to IDA and IBRD financing, which incentivizes the allocation of additional financing for RMNCAH and improves the quality of IDA/IBRD financing by strengthening the process of identifying national priorities (which are the basis for IDA/IBRD financing);
- By providing technical assistance on how countries can increase domestic resource mobilization and directly incentivizing it;
- By crowding-in private financing, including by supporting pay-for-performance schemes and by de-risking private investments.

The Trust Fund has to date made indicative commitments of USD 343 million to 12 countries out of the 63 countries identified as having the highest RMNCAH needs. These investments are linked to more than USD 1.5 billion of IDA funding, which are further supported by aligned bilateral funding at the country level⁶. The first 12 countries have therefore invested IDA in the average ratio of \$4 of IDA to \$1 from the TF and given that IDA is on budget and considered part of domestic resources, it is an excellent signal of country commitment to RMNCAH. A fully funded Trust Fund is an essential part of funding the RMNCAH agenda and the GFF vision. The Business Plan noted that USD 2.56 billion will be required to reach each eligible country with one initial grant. Given current contributions to the Trust Fund, an additional USD 2.2 billion dollars is needed to meet that demand⁷.

⁶ The figures for GFF and IDA commitments reflect current agreements but are subject to fluctuations until the World Bank Board of Executive Directors approves these projects.

⁷ *GFF/IG2/4 Proposed Approach to Facility Countries* recognizes the challenge of rolling out the GFF without Trust Fund grants.

FRAMEWORK FOR RESOURCE MOBILIZATION

The GFF is a broad partnership that targets a wide range of RMNCAH interventions with different priorities identified in each country and a variety of needs being addressed over time. This is an opportunity to match up the varying needs and interventions with a range of potential financiers who may all have different priorities and interests but who can find an appropriate channel for their resources to fund a country's Investment Case in a harmonized way.

The GFF Secretariat, working with partners, will undertake additional analysis to define distinct value propositions for each of these channels as well as to map potential financiers. This menu will be an invaluable tool for fund-raising which can be used by the partnership.

Resource mobilization for full financing of the RMNCAH agenda must be a collective effort and the GFF Investors Group is well placed to support this work, with a focus on four particular dimensions:

1. Advocating for increased resources at both national and international levels;
2. Ensuring the complementarity of financing at the national level and alignment around the investment case to increase efficiency and improve value for money;
3. Improving the allocative efficiency of development assistance for health by examining the distribution of DAH in comparison with need, particularly to ensure that the neediest countries have adequate resources;
4. Exploring innovative approaches to increase the multiplier effect of existing resources.

AREAS FOR ACTION

The Investors Group members are ideally positioned to be champions for RMNCAH funding within their own institutions, with national governments, and with other potential contributors. This will require extensive collaboration on the part of the partnership both globally and locally.

Given the opportunities outlined above, **action** needs to be focused in the following areas:

1. Pursuing the domestic resource mobilization agenda by ensuring a credible health financing strategy that outlines strategic approaches to increase domestic resources for health, links to allocations of additional IDA funds to RMNCAH, and attracts aligned funding to bridge gaps. This requires strong leadership from Ministries of Health and Finance and close collaboration between local and global partners.
2. Making progress on the pathways for private sector financing outlined in detail in *Private Sector Engagement* (GFF/IG2/8). Some of these require global cooperation and planning in the nature of global public goods, but successful engagement with the private sector will be focused on local engagement and cooperation around Investment Cases. It will be important to build on the extensive interest already shown by the private sector in several countries as well as globally to ensure momentum.

3. Aligning financing at country level will involve strong government leadership and active engagement of local bilateral ODA funders around the Investment Case as well as alignment and co-investment of Gavi and Global Fund resources in a harmonized way. Local and global collaboration efforts to achieve this must be prioritized, including joint country missions by financiers and better long term planning around funding opportunities.
4. Resources will be needed for the GFF Trust Fund and associated IDA which require advocating for the Trust Fund to OECD-DAC donors with interests in health, sustainable financing and women and children, emerging as well as non-traditional donors, private sector and high net-worth individuals.

ADVOCACY: CREATING FERTILE GROUND

Successful resource mobilization for the Global Financing Facility will require extensive outreach to build understanding and confidence in the GFF. There are a number of essential building blocks needed for this outreach and to ensure long term commitment to the Facility:

- Tailored value propositions designed to explain the overall vision of the GFF to particular audiences, especially potential funders and those who influence them, in ways that bring together the attraction of the vision and objectives with the interests of particular funders and their funding modality (whether it be a private company, an investor in social impact bonds, an OECD-DAC funder or a regional/private/development bank). Potential financiers can then be mapped to these value propositions.
- Communication tools and advocacy materials, including those tailored to specific audiences, that are easily adapted for use by all partners, this includes guidance on core elements of the mechanism and contacts and entry points for each country;
- Building on the useful lessons learned highlighted at the Kenya Workshop⁸, tools can be developed that show the distinct value proposition of the GFF in country, with concrete examples and models for how the GFF works at country level, especially as regards financing;
- In time, the investments will yield results and aggregated outcomes that can be captured and shared through multiple mediums to build confidence in the Facility, especially given that results-based financing will be part of the approach.
- Advocacy and events including high level peer-to-peer outreach and engagement amongst financiers and the use of relevant events and conferences to tell the GFF story. This will involve the whole partnership and be closely linked to partner advocacy efforts, especially those for the Global Strategy with EWEC, UNF, FP2020, PMNCH and other advocacy mechanisms;
- Identification of champions and the cultivation of high level advocates, including Investors Group members and client country representatives, as well as outreach between finance ministries to build understanding of the model;
- Reporting and accountability will have to adhere to the highest standards of transparency and quality, and include regular updates on financial analysis and financing flows to support target

⁸ See *GFF Kenya Workshop Summary 2015* circulated as background for the Second Investors Group.

asks and continued investment and the development of financial need scenarios for the next 5-10 years;

- Advocacy planning for the most appropriate timelines for various modes of resource mobilization that respect partner replenishment and fund-raising processes and build towards key moments for GFF fund-raising.

RISK MANAGEMENT

For this area of work particular attention needs to be given to due diligence before negotiating with potential partners and ensuring that conflicts of interests are managed. Potential reputational risk needs to be identified and managed where necessary for the protection of all parties. Conflict of interest and ethical policies of the partner organizations must be respected and adhered to.

RECOMMENDATION:

It is recommended that the Investors Group retain this as a regular item on their agenda and that the Secretariat provide annual updates, to be given at the last Investors Group meeting of every year, on the status of the strategic directions laid out in this paper.

ANNEX 1: ADVOCACY CALENDAR FOR GFF OUTREACH

2016		
Dates	Event	Opportunity
FEBRUARY		
17,18	<ul style="list-style-type: none"> • Second GFF Investors Group 	
24-25	<ul style="list-style-type: none"> • The Ministerial Conference on Immunization in Africa, Addis Ababa, Ethiopia, WHO <i>http://immunizationinafrica2016.org/</i> 	Day 2, Session 2 - GFF presentation of HFS
MARCH		
1	<ul style="list-style-type: none"> • The Alliance for Maternal and Newborn Health Improvement (AMANHI) 	GFF advocacy?
8	<ul style="list-style-type: none"> • International Women’s Day 	
14-18	<ul style="list-style-type: none"> • Barcelona Course on Health Financing, WHO <i>http://www.euro.who.int/en/media-centre/events/events/2016/03/who-barcelona-course-on-health-financing</i> 	GFF 101 element in the course? GFF Invited speaker at the keynote session
APRIL		
5-6	<ul style="list-style-type: none"> • Global Fund Board Meeting, Geneva 	GFF briefing?
	<ul style="list-style-type: none"> • FP 2020 Reference Group? 	
11-15	<ul style="list-style-type: none"> • Commission on Population and Development—49th Session 	
25	<ul style="list-style-type: none"> • World Malaria Day, WHO 	Blog, social media

	<ul style="list-style-type: none"> • Conference on Sustainable Financing for Health, DC 	WB/GFATM/GAVI/BMGF joint meeting Media, social media
15-17	<ul style="list-style-type: none"> • WB Spring Meetings, DC 	GFF event
24 - 30	<ul style="list-style-type: none"> • World Immunization Week, WHO Close the Immunization Gap campaign 	Blog, social media
MAY		
5	<ul style="list-style-type: none"> • International Day of Midwife, 	Feature story from a country, Social Media
16-19	<ul style="list-style-type: none"> • 4th Global Women Deliver 2016 Conference, Copenhagen 	GFF 101 Session, Financing stream, exhibition hall, media, social media,
23-24 May	<ul style="list-style-type: none"> • World Humanitarian Summit, Istanbul 	
23 May – 3 June	<ul style="list-style-type: none"> • World Health Assembly 	GFF briefing/event?
25-27	<ul style="list-style-type: none"> • 5th East Africa Healthcare Federation (EAHF) Conference 2016, Kampala, Uganda http://healthsystemshub.org/events/94 	GFF briefing? New partner engagement opportunity?
JUNE		
	<ul style="list-style-type: none"> • Global Fund Replenishment 	
	<ul style="list-style-type: none"> • GFF Third Investors Group 	
6-10	<ul style="list-style-type: none"> • Annual Session, UNFPA Executive Board, NYC 	
14-17	<ul style="list-style-type: none"> • Annual Session, Unicef Executive Board, NYC 	

20-21	<ul style="list-style-type: none"> • Annual Bank Conference on Development Economics 2016: Data and Development, World Bank 	
JULY		
18-22	<ul style="list-style-type: none"> • 21st International AIDS Conference, Durban, South Africa 	
AUGUST		
1-7	<ul style="list-style-type: none"> • International Breastfeeding Week • Unicef, WHO 	Blog, social media
12	<ul style="list-style-type: none"> • International Youth Day, UN 	Blog adolescents, Twitter chat on GFF for adolescents, social media
19	<ul style="list-style-type: none"> • World Humanitarian Day, UN 	Blog funding gap for RMNCAH, social media
26	<ul style="list-style-type: none"> • International Conference on African Development (TICAD) Meeting - Kenya 	GFF event?
SEPTEMBER		
6-12	<ul style="list-style-type: none"> • Second Regular Session, UNFPA Executive Board, NYC 	
Early September	<ul style="list-style-type: none"> • A Promise Renewed 2016 Report 	
14-16	<ul style="list-style-type: none"> • Second Regular Session, UNICEF Executive Board, NYC 	
20	<ul style="list-style-type: none"> • UN General Assembly, General Debate 	GFF Event (after one year of GFF and SDGs)
OCTOBER		

7-9	<ul style="list-style-type: none"> • WB Annual Meetings, DC 	
	<ul style="list-style-type: none"> • GFF Fourth Investors Group Meeting 	
11	<ul style="list-style-type: none"> • International Day of the Girl, UN 	Topics: adolescent health, family planning
15	<ul style="list-style-type: none"> • Rural Women Day, UN 	Topics: UHC, Social media campaign
16	<ul style="list-style-type: none"> • World Food Day, UN 	Topics: Stunting, malnutrition, breastfeeding
17	<ul style="list-style-type: none"> • International Day for the Eradication of Poverty, UN 	Topics: maternal/child mortality in low-income countries, financial barriers to health
	<ul style="list-style-type: none"> • World Statistics Day, UN 	CRVS event?/Blog? Social media
NOVEMBER		
10	<ul style="list-style-type: none"> • World Prematurity Day 	Social media campaign
20	<ul style="list-style-type: none"> • Universal Children's Day, UN 	
29-30	<ul style="list-style-type: none"> • World Innovation Summit for Health (WISH) 2016, Doha, Qatar <p>http://www.wish-qatar.org/media-center/press-release-details?item=173&backArt=207</p>	GFF event/ briefing? (opportunity to engage new sponsors?)
25	<ul style="list-style-type: none"> • International Day for the Elimination of Violence against Women, UN 	
DECEMBER		
	<ul style="list-style-type: none"> • IDA Replenishment 	
1	<ul style="list-style-type: none"> • World AIDS Day 	

10	<ul style="list-style-type: none"> • International Human Rights Day, UN 	
11-14	<ul style="list-style-type: none"> • World Breastfeeding Conference 	
12	<ul style="list-style-type: none"> • Universal Health Coverage Day, UN 	Blog, social media
2017		
JANUARY		
	<ul style="list-style-type: none"> • World Economic Forum, Davos 	GFF Event?
	<ul style="list-style-type: none"> • Session of WHO Executive Board Geneva, Switzerland 	
FEBRUARY		
	<ul style="list-style-type: none"> • GFF Investors Group Meeting 	
MARCH		
21-23	<ul style="list-style-type: none"> • GAVI Board 	
APRIL		
	<ul style="list-style-type: none"> • Spring Meetings 	GFF Resource Mobilization Event