



Independent observer  
of the Global Fund

## GLOBAL FUND IMPLEMENTER COUNTRIES HAVE BARELY SPENT 80% OF THEIR GRANTS WITH JUST THREE MONTHS LEFT

Global Fund implementer countries have, over the years, failed to use up all the funds that the Global Fund has allocated to them. Since 2012, countries have absorbed only 70.4% of cumulative budgets. The Global Fund estimated, before the emergence of the COVID-19 pandemic, that [countries would collectively fail to spend \\$0.65 billion](#) of available funding in the current (2017-2019) allocation period due to preexisting challenges to absorption at the [Global Fund and the country level](#). However, COVID-19 related disruptions are likely to increase this estimate.

There is growing concern that countries, especially those whose grants end this year, will record poor absorption. This is the third and last year of grant implementation for [70% of active grants](#); the remaining 30% of the Global Fund's grants will end in 2021 or 2022. Absorption is usually lowest in the first year of the grant due to delays in implementing activities, but it often improves by the third (or last) year of the grant. However, the disruptions caused by COVID-19 may have undermined countries' efforts to catch up on grant implementation.

The Global Fund measures grant absorption as the portion of grant budgets that implementers report as spent. However, the Global Fund does not make grant expenditure data public. Sometimes, the proportion of the total grant budget that has been disbursed is used as an indicator of the absorption rate. The rationale is that disbursement is dependent on in-country cash balances, and therefore offers a rough estimate of grant utilization. However, this estimate is often higher than the actual absorption rate, as it includes in-country cash balances in its calculation.

Data for this analysis comes from the [Data Explorer](#) and [Data Service](#) pages on the Global Fund website. The analysis focused on 26 countries that recorded the highest, average, or lowest absorption between 2018 and 2019 (Table 1). We assessed 96 grants running from January 2018 to December 2020, including one multi-country grant, the Regional Artemisinin-resistance Initiative (RAI) based in East Asia and the Pacific region.

Table 1: Sampled countries, by region

Global Fund region	Countries
East Asia and the Pacific	Indonesia, multi-country East and Pacific RAI, Myanmar, Philippines, Thailand, Vietnam
Eastern Europe and Central Asia	Ukraine
Latin America and the Caribbean	Haiti
South Asia	Pakistan
Sub-Saharan Africa	Benin, Cameroon, Central African Republic (CAR), Congo, Guinea, Guinea-Bissau, Madagascar, Malawi, Mozambique, Namibia, Niger, Nigeria, Senegal, Somalia, Sudan, Tanzania, Togo, Uganda

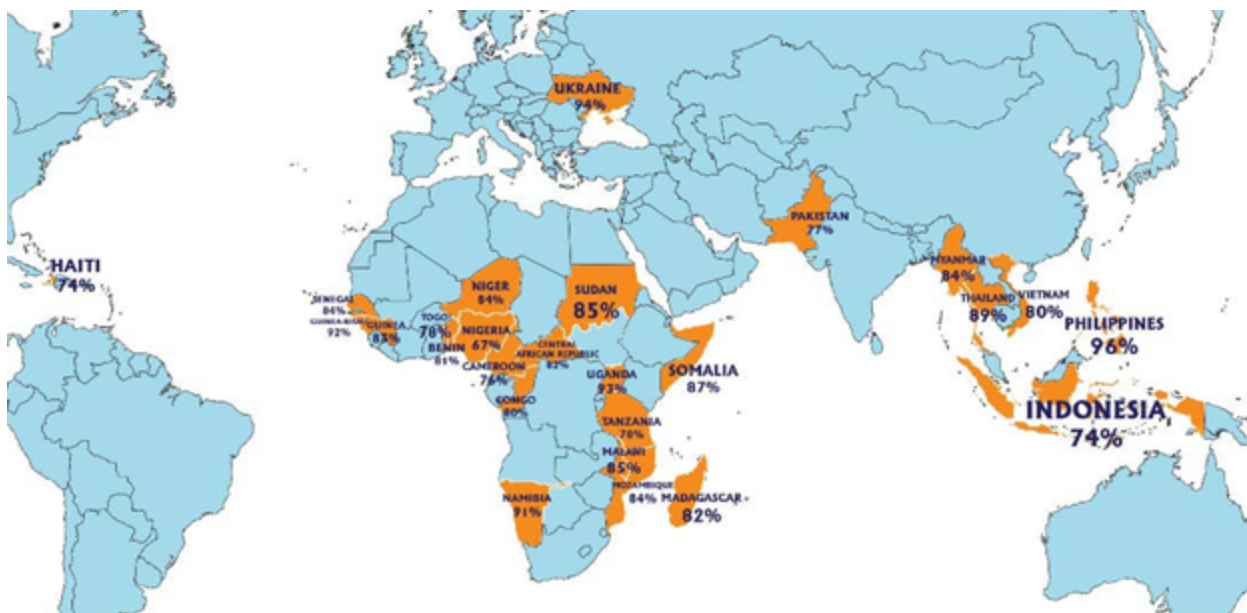
<sup>1</sup>RAI: Regional Artemisinin-resistance Initiative (RAI)

Global Fund has only disbursed 82% with three months left

The Global Fund disburses funds to countries annually or biannually based on program performance and financial needs. By mid-September 2020, with slightly more than three months before the end of the current grant period, the Global Fund had disbursed 82% (\$4.3 billion) of the \$5.3 billion available for the 96 grants. If these countries were to utilize the already disbursed funds fully, then they would meet the Global Fund absorption KPI target of 75% for the 2017–2019 allocation period. It is important to note that the Secretariat has raised the projected in-country absorption target to 85%, as it has already surpassed the 75% target.

Unfortunately, countries are lagging in the utilization of grant funds. This analysis compared the actual disbursement to the expected disbursements specified in grant budgets. If these sampled countries were to implement activities as per the detailed grant budgets, they would have received 96% (\$5.1 billion) of the available funds by 30 September, rather than the \$4.3 billion that they have received so far. The proportion of grant funds received thus far range between 67% in Madagascar and 96% in Indonesia. Almost all the countries had received at least 75% of the available funding.

Figure 1: Proportion of funds disbursed by the Global Fund, by country



Source: Global Fund Data Service page

The proportion also varied per grant. Of significance is one of Nigeria's state HIV grants that only received 18% (\$5 million) of the available \$28 million at the time of this analysis. Notably, this grant was implemented 18 months after the others (in July 2019), but will end with the other grants in December 2020. The proportions of the other grants ranged from 45%, of a state-managed Malawian malaria grant, to 114%, of a state-managed Ugandan malaria grant.

State and non-state actors have each received 82% of their funding

Most of the sampled countries have state and non-state actors implementing grants, save for a few exceptions such as the Central African Republic, Congo, Haiti, Myanmar, the Philippines, Togo, and Somalia. Of the 96 sampled grants, 45 are state-managed and account for 60% (\$2.6 billion) of disbursed funds, while non-state actors manage the remaining 51 grants. In our sample, both state and non-state actors had each received 82% of their total available funds (Table 2). Even though this analysis does not show any difference in the disbursements, previous Global Fund analysis found that [government implementers](#) are less likely to absorb funds in some regions than their counterparts. Government implementers often have the biggest share of funding. The lower absorption may be due to limited capacity, weak health systems, and bureaucracies in governments.

State and non-state actors should have received 97% and 95%, respectively, compared to the 82% they have currently received (Table 2).

Table 2: Actual vs. planned disbursements, by type of implementer

Type of implementer	No. of grants	Signed amount (million, \$)	Disbursed (million, \$)	Disbursement expected by 30 September (million, \$)	Actual disbursement (%)	Expected disbursement (%)
State	45	3,166	2,583	3,072	82%	97%
Non-state	51	2,112	1,739	2,011	82%	95%
Total	96	5,278	4,322	5,083	82%	96%

Source: Global Fund Data Service page

Some disease components have received more funding than others

The majority of the grants were for HIV (29) and malaria (27) (see Table 3). HIV/TB grants had received the biggest proportion of available funds (87%), closely followed by TB (86%). Countries usually [use up HIV and malaria grants faster](#) than the TB and Resilient and Sustainable Health System (RSSH) components, mainly due to their [highly commoditized](#) nature. For instance, a big chunk of malaria grants goes towards the procurement of insecticide-treated mosquito nets. However, HIV grants had only received 76% of available funds and had reported more severe disruptions from COVID-19 compared to the other two diseases.

The sole health systems strengthening grant given to Nigeria received slightly more than half (56%) of the funding. Countries have historically reported lower rates of absorption of [RSSH grants](#). The [Technical Evaluation Reference Group \(TERG\)](#) of the Global Fund [noted](#) that countries had spent 64% of RSSH investments between 2010 and 2017, compared to 75% for disease-specific investments. The TERG has attributed weak absorption of RSSH grants to countries' complex financial processes, the need for diverse stakeholder engagement, poor planning, and general coordination challenges. But in the last grant cycle, countries have improved RSSH funds absorption. The most recent data by the Global Fund shows that countries had absorbed [81% of RSSH grants between 2016 and 2018](#), compared to 65% between 2015 and 2017.

HIV/TB and TB grants should have received full funding (100%), and HIV grants should have received 95% of funding by 30 September (Table 3). Malaria and RSSH grants should have received 94% and 83%, respectively.

Table 3: Actual vs. planned disbursement, by disease component

Disease component	No. of grants	Signed amount (million, \$)	Disbursed (million, \$)	Planned disbursement as of 30th September (million, \$)	Actual disbursement (%)	Expected disbursement (%)
HIV	29	1,693	1,292	1,613	76%	95%
HIV/TB	18	901	787	905	87%	100%
TB	20	753	647	753	86%	100%
Malaria	27	1,876	1,560	1,766	83%	94%
RSSH	1	43	24	36	56%	83%
Multicomponent	1	13	11	12	82%	88%
Total	96	5,278	4,321	5,084	82%	96%

Source: Global Fund Data Service page

Author's note: The grant signed amount and the total grant budget differed slightly for some of the grants. These deviations are reflected in some of the percentages above.

Reasons why countries are lagging behind

The Global Fund [Secretariat](#) and [OIG](#), [GFO](#), and other [stakeholders](#) have, over the years, documented the reasons for the low uptake of Global Fund grants. At the Secretariat level, the Global Fund's risk mitigation measures and delays in disbursing funds and approving funding requests reduce grant

absorption. Country-level factors include weak implementation arrangements, capacity gaps in implementation, weak health systems, and savings and efficiency gains.

Some factors are beyond the control of the Global Fund or implementing countries. COVID-19 is a good example. Since its emergence, the pandemic has caused widespread disruptions in health service provision and procurement and supply management in countries that receive Global Fund monies.

COVID-19's impact on absorption is two-fold

COVID-19 has disrupted the implementation of grants and, as a result, the absorption of funds. Underspending is likely to be reported, for instance, where countries canceled meetings, training, and prevention activities or experienced considerable delays in procurement of supplies for the three diseases. However, the increased operational costs related to personal protective equipment (PPE), additional infection prevention and control (IPC) measures, and measures to enforce social distancing requirements may offset these unspent funds.

A [rapid analysis](#) by ThinkWell provides an idea of how COVID-19 has affected operational costs in the provision of health services. The analysis found that the cost of an immunization campaign could increase by 49% by introducing simple handwashing stations. However, the costs could go up by 154% if the campaign includes full PPE for those carrying out vaccinations and advanced handwashing stations.

Absorption is likely to increase if implementers redirect their savings or reprogram some of their funds to the COVID-19 response. The Global Fund has allowed countries to use up to [10% of the grant value](#) to support the COVID-19 response. However, the uptake of these flexibilities has been slow; countries had only accessed \$207 million of the \$500 million made available through these grant flexibilities by early September.

More robust measures needed in light of COVID-19

With the new funding model introduced in 2014, the Global Fund does not allow countries to extend the period to utilize grants beyond the funding cycle. Thus, these countries risk losing part of their allocation if they fail to utilize their grants fully by the end of 2020. These funds are then made available to other countries as part of portfolio optimization.

The [Global Fund](#) has introduced measures, over the years, to increase the absorption of grants. These include increased grant absorption monitoring (to check for early warning signs), budgeting flexibilities, and flexible approaches based on country contexts. Countries also adopted prompt reprogramming, commoditization of grants, engagement of top leadership, capacity strengthening, active grant monitoring by the Country Coordinating Mechanism (CCM), and integration of multiple disease components into one grant (to allow for the swift reallocation of funds).

However, countries will need to tailor some of these strategies to the current context. For instance, they may need to increase the frequency of monitoring absorption (preferably at the modular or activity levels) and reprogram funds timeously. Countries should guard against moving funds to activities that use funding quickly and easily at the expense of other, more impactful interventions. The countries should also leverage flexibilities made available by the Global Fund, including those related to [reporting](#). The Secretariat explained to the Global Fund Observer that even though the implementation period ends on 31 December 2020, implementers can still pay for goods and services using funds from the 2018-2020 implementation period, under certain conditions including due consideration to lead time, until June 2021.

The Global Fund and implementing countries will also need to start planning for the next set of grants for the 2020-2022 allocation period, which begins in January 2021. Teething problems, such as delays in disbursement and sub-recipient selection, have seen grants start off with absorption issues even before

implementation has begun. The Global Fund and countries should, therefore, leverage the lessons learnt in this and previous allocation periods and, while considering the country context, better address this absorption issue.

## REVISIONS TO THE ARTICLE

Subsequent to publishing this article, the Secretariat provided more information on additional flexibilities in light of the COVID-19 pandemic. The Secretariat explained that even though the implementation period ends on 31 December 2020, implementers can still pay for goods and services using funds from the 2018-2020 implementation period, under certain conditions including due consideration to lead time, until June 2021. The Secretariat also explained that the projected in-country absorption is 85% and not the 75% laid out in the key performance framework. We have amended the article accordingly.

We have also updated the chart titled Figure 1 to correct some inaccuracies in the individual grant disbursement rates.

The revision was made on 30 October 2020.

Further reading:

1. The [Data Explorer](#) and [Data Service](#) pages on the Global Fund website.
2. GFO Issue 360, '[Challenges at Global Fund Secretariat and implementer levels found to impede grant absorption](#),' 10 July 2019

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