



Independent observer
of the Global Fund

THE GLOBAL FUND'S COVID-19 EMERGENCY FUNDING IS RUNNING OUT

Since the World Health Organization (WHO) declared the COVID-19 a [pandemic](#) on 11 March, governments, the private sector, and multilateral institutions have raised millions of dollars to support its response. The Global Fund was no exception. It [quickly made \\$1 billion](#) available to protect the gains made in the fight against HIV, tuberculosis (TB), and malaria and to mitigate the impact of the pandemic: \$500 million through grant flexibilities, and an additional \$500 million raised through portfolio optimization, which was available through the COVID-19 Response Mechanism (C19RM).

However, this funding is [running out](#), while the need for funding is growing in Global Fund recipient countries since the numbers of COVID-19 cases continue to rise. Africa, which receives more than 70% of the Global Fund funding, surpassed one million cases of COVID-19 in early August 2020. However, due to [limited testing](#), the figures are suspected to be much higher. Latin America had been declared the [epicenter](#) for the pandemic in late May 2020. The virus threatens to collapse the already fragile healthcare systems in the developing world.

The Global Fund had [approved \\$701.6 million](#) for 103 countries and 11 multi-country grants. This includes \$512.6 million through the C19RM and \$189 million through grant flexibilities, according to the most recent COVID-19 Situation Report published by the Global Fund on [25 August 2020](#). This article assesses the status of funding through grant flexibilities and the C19RM and explores the issues and challenges related to applying for this funding. It also highlights the need for the Global Fund to raise additional funds to support the COVID-19 response. Data for this analysis was taken from the Global Fund's website and the

WHO COVID-19 Dashboard. The Global Fund Secretariat and in-country stakeholders provided additional information.

Low uptake of grant flexibilities by countries

By 14 August 2020, 93 countries and 11 multi-country grants from all regions had accessed \$187 million of the \$500 million made available through grant flexibilities. Even though the Global Fund has approved grant flexibilities to the value of \$189 million, the Global Fund avails country data on its website only after it has officially notified the country of its funding approval. By 14 August 2020, the Global Fund made data available for funds totaling \$187 million.

The Global Fund is encouraging countries to use up to 5% of their current grant value if there are savings or, in the event of 100% absorption, reprogram up to 5% of the current value for the grant. However, countries have obtained around 90% of the \$187 million from [savings](#), and not from reprogramming, according to the Secretariat. Countries actually rarely [fully spend Global Fund grants](#) and could still have funds available since 2018. The use of savings in the COVID-19 response will improve grant absorption rates.

Although the Global Fund has fully deployed the initial \$500 million C19RM funding, the uptake of grant flexibilities has been slow. The Global Fund had allowed for \$500 million to be deployed by the end of July 2020. Countries have collectively allocated, on average, 2% of the total grant value as grant flexibilities. Only Sri Lanka has made use of 10% of the total grant value allowed for grant flexibilities (Table 1). Other countries that have accessed higher proportions include the Philippines (9%), Romania (9%), Guatemala (8%), Congo (6%) and Algeria (6%). Benin, India, Madagascar, Malawi, and Mozambique have made use of less than 1% of the total grant value. Countries that accessed higher amounts of funding, in absolute terms, include Nigeria, the Philippines (each \$13 million), South Africa (\$12 million) and Indonesia (\$11 million).

Table 1: Grant flexibilities as a proportion of the total grant value

Grant flexibilities as a proportion of the total grant value	Number of countries
10%	1
Between 5% and 9%	16
Between 2% and 4%	49
1% and below	26
	92

Source: Global Fund Data Service

Note: This analysis excludes the 11 multi-country grants and Venezuela which did not have an allocation in the 2017-2019 allocation period

Differences in the two mechanisms affect uptake

The differences in the application processes could possibly explain the difference in the uptake of funding through the two mechanisms. The C19RM process is simple and straightforward: countries, through the Country Coordinating Mechanism (CCM), submit a funding request to the Global Fund for approval within ten working days. This funding does not affect ongoing Global Fund-supported programs and does not require any change to the implementation mechanism.

However, to access funding through grant flexibilities, Principal Recipients (PRs) first have to assess the current grant savings and identify funds for reprogramming from their budget and that of the multiple sub-recipients. The countries also have to identify the potential consequences of diverting the grant funds to the COVID-19 response and how to mitigate those consequences.

The Global Fund notes, in the recent COVID-19 Situation Report, that countries were unable to redirect funds from the programs or had already used up most of their savings. The Global Fund Secretariat, in an email to the GFO, further explained that the low number of reprogramming requests could demonstrate that PRs wish to 'protect their disease programs.' It noted that it is allowing flexibility in certain processes to enable a rapid response to emerging challenges, but, ultimately, the decision to use savings or reprogram funds to the COVID-19 response lies with the countries. The Global Fund noted that it is encouraging countries to discuss flexibilities with their country teams.

Challenges in accessing grant flexibilities

Several countries have reported that the disadvantage was that there was a lot of deliberation between PRs and the Global Fund country teams before the requests were approved. The funding has also created some tension among implementers. Sub-recipients from several countries have noted that PRs have redirected funds from them without any prior communication. Other times, there have been lengthy deliberations between PRs and their sub-recipients. In some instances, the PRs have failed to revise the program targets to match the decrease in the budget.

Members of Country Coordinating Mechanisms (CCMs) and civil society have also raised concerns about being sidelined both by the Global Fund and the PRs in this process. Indeed, negotiations on grant flexibilities take place directly between the PR and the Global Fund Country Team. However, CCMs should be aware of the proceedings as ultimately, they are responsible for the in-country oversight of Global Fund grants, and the decreased grant budget may have an impact on the grant targets.

Most of the grant flexibilities deployed in sub-Saharan Africa

Of the 93 countries and 11 multi-country programs that had accessed this funding by 14 August, 42 countries from sub-Saharan Africa accounted for 60% (\$111 million) of the \$187 million accessed through the grant flexibilities (Table 2). In Asia, 21 countries – both in East Asia and the Pacific, and in South Asia – accounted for 29% (\$53 million) of the \$187 million. The remaining funds were accounted for by Latin

America and the Caribbean (5%), North Africa and the Middle East (3%) and Eastern Europe and Central Asia (3%).

Countries such as Indonesia have [allocated](#) most of these funds to personal protective equipment (PPE), infection control, and diagnostics. [Uganda](#) is using the grant flexibilities to continue providing antiretroviral therapy and health services to mothers with HIV and pregnant women through door-to-door services. There were concerns from civil society and communities that community interventions were receiving limited funding through the grant flexibilities. However, they also acknowledged that this was not the case for the C19RM; community interventions received more funding through this mechanism.

Table 2: Grant flexibilities funding allocation by region

Global Fund region	Number of countries and multicountries	Amount (\$)	Proportion (%)
Sub-Saharan Africa	42	111,204,130	60%
East Asia & the Pacific	12	37,069,911	20%
South Asia	9	16,914,973	9%
Latin America and the Caribbean	19	9,495,683	5%
North Africa and the Middle East	9	6,497,387	3%
Eastern Europe and Central Asia	13	5,703,271	3%
		186,885,355	
Total	104		100%

Source: Global Fund Data Service

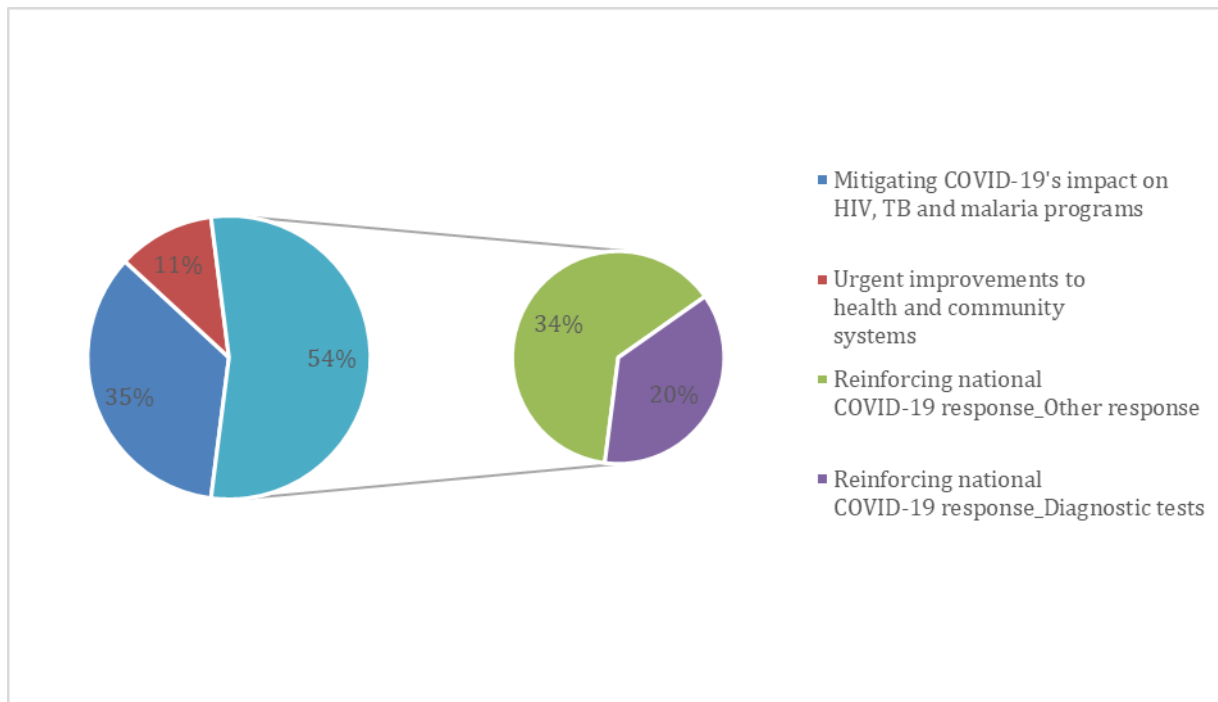
Global Fund fully deploys C19RM funds

The Global Fund has fully disbursed the initial \$500 million made available through the C19RM and is

currently deploying additional investments from Germany; in total, the Global Fund had deployed \$511 million to 71 countries and three multi-country grants by 14 August 2020.

Countries have collectively assigned slightly more than half of these funds (53%) to support the COVID-19 response, particularly on COVID-19 diagnostics (Figure 1). Countries assigned 36% of the funds on mitigating the impact of COVID-19 on HIV, TB, and malaria. Global Fund recipient countries continue to report [widespread disruptions](#) in the delivery of HIV, TB, and malaria services. Countries collectively requested the remaining 11% for financing urgent improvements to health and community systems. The Global Fund explains, in its guidance to countries, that interventions that would receive funding could include strengthening laboratory networks, supply chains, and community engagement.

Figure 1: Investment areas for C19RM funds



Countries requested, on average, 5% of their 2020-2022 allocations

Countries could access up to 10% of their allocation for the 2020-2022 period to support the COVID-19 response. However, the countries accessed, on average, 5% of their allocation. A few countries accessed the full 10% allowed by the Global Fund, including Eswatini, Gabon, the Islamic Republic of Iran, the People's Democratic Republic of Lao, Montenegro, and Venezuela. Others like Albania, the Gambia, Guatemala, and the Philippines accessed 2% or less of their 2020-2022 allocation.

Similar to the grant flexibilities, countries in sub-Saharan Africa received the largest proportion of C19RM funding. In sub-Saharan Africa, 37 countries collectively received \$420 million (85%). Countries from other regions shared the remaining 15%, with South Asia accounting for almost half of it (7%). Countries from sub-Saharan Africa received a significant proportion of this funding: Nigeria (\$51 million), South Africa (\$36 million), and the Democratic Republic of Congo (\$36 million).

Table 3: Investment areas for C19RM funds by region (\$, million)

GF Geographic regions	Number of countries or multi- country grants	Mitigating COVID-19's impact on HIV, TB and malaria programs	Reinforcing national COVID-19 response		Urgent improvements to health and community systems	Total immediate funding	Proportion by region (%)
			Other response	COVID-19 diagnostic tests			
Sub-Saharan Africa	39	153 (36%)	139 (32%)	96 (22%)	48 (11%)	437 (100%)	85%
South Asia	6	8 (23%)	21 (61%)	2 (5%)	4 (11%)	35 (100%)	7%
East Asia and the Pacific	4	9 (40%)	10 (46%)	1 (3%)	3 (11%)	22 (100%)	4%
Latin America and the Caribbean	16	5 (46%)	2 (21%)	2 (15%)	2 (18%)	11 (100%)	2%
Eastern Europe and Central Asia	9	3 (48%)	2 (32%)	1 (18%)	0 (2%)	6 (100%)	1%
Total	74	178	175	102	54	511	99%

Note: Numbers and percentages may not add up due to rounding

What are the next steps for the Global Fund?

The Global Fund needs to raise an additional \$5 billion to finance the COVID-19 response to protect the gains made in the fight against the three diseases. The Global Fund hopes to receive [\\$1.56 billion](#) from the United States, but this remains uncertain as discussions on coronavirus supplemental funding stalls. The Global Fund can still leverage other countries; however, the US is usually considered a catalyst for funding from other countries. The US has been the Global Fund's biggest donor accounting for [33% of all contributions](#). Thus far, only Germany has pledged €150 million to the Global Fund to be channeled through the C19RM. The Global Fund is still having discussions on whether the grant flexibilities for the COVID-19 response will be available in the upcoming grant cycle.

In yet another separate arrangement, the Global Fund has co-founded, with partners, the [Access to COVID-19 Tools \(ACT\) Accelerator](#) to accelerate the development, production, and distribution of diagnostics, drugs and vaccines for COVID-19, on behalf of countries and partners. The partnership was launched in April 2020 and managed to raise \$3.4 billion by 26 June 2020. However, this amount is well below the [projected \\$31.3 billion](#) estimated by the partnership, of which \$13.7 billion is urgently needed.

Civil society needs to promote accountability of funds

Various stakeholders have expressed concerns about the lack of transparency and accountability in the use of the \$1 billion made available to the countries. Although the Global Fund is providing real-time data on the countries that have received funding, it has failed to give details on the Principal Recipients and the detailed budgets.

Increased concerns about the misuse of COVID-19-related resources, including those from donors, underscore the need for increased accountability for Global Fund COVID-19 funding. Cases of alleged

misappropriation of COVID-19 funds (not from the Global Fund) have already been reported in [DRC](#), [Kenya](#), [Somali](#), [South Africa](#) and [Zimbabwe](#). The speed of fund approvals and disbursements, and the bypassing of normal controls and oversight mechanisms have created opportunities for corruption. The Global Fund notes that it has enhanced its oversight of COVID-19 funding. (Please see separate GFO article in this issue on data and accountability in Global Fund grants during COVID-19). Civil society organizations can help improve accountability for this funding by monitoring the use of funds at community level and sharing information. However, they are facing challenges accessing funding for accountability and reporting activities.

Further reading:

- The Global Fund [COVID-19 Situation Report](#), 25 August 2020

[Read More](#)
