



Independent observer
of the Global Fund

GLOBAL FUND DISBURSED 92% OF AVAILABLE FUNDING TO SAMPLED GRANTS ENDING IN 2020 AT THE END OF THE IMPLEMENTATION PERIOD

Last year, 2020, marked the end of Global Fund [grants totaling 73% \(\\$8.5 billion\) of the \\$11.6 billion](#) available in the 2017-2019 allocation period; the remaining grants will end either in 2021 or 2022. An [Aidspan analysis](#) conducted on a sample of 96 grants totaling \$5.3 billion and ending by 31 December 2020 had found that the Global Fund had disbursed only slightly more than 80% of the total grant signed amount by September. The disbursement rate acts as a proxy measure of the implementer's absorption in the absence of publicly available expenditure data, as is the case with the Global Fund. The rationale is that disbursement depends 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.

A follow-up analysis by Aidspan, in February 2021, of 90 of the 96 of grants found that the Global Fund disbursements had risen to 92% of the total signed amount of the grant, by the end of the implementation period. However, the proportion varies across the grants, whereby some had received all the funds but one had received funding as low as 31% of the signed grant, although it was an outlier. The second lowest disbursement was 68%.

The total disbursement is likely to increase as the Global Fund has allowed implementers to 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 (180 days). This is one of the flexibilities the Global Fund has allowed countries in light of the COVID-19 pandemic, which has significantly disrupted the implementation of HIV, TB and malaria grants.

In light of these measures taken by the Global Fund to safeguard the in-country absorption, the Global Fund notes that it is [still on course to meeting its revised absorption target of 85%](#). The Global Fund revised this target after meeting the initial target of 75%, captured in the Key Performance Framework, in the 2015-2017 period. It will also achieve its second target linked to the use of funds, allocation utilization. The Global Fund Secretariat forecasts that it will disburse 99% of the 2017-2019 allocations, as per its recent report to the Board, [against a target of between 91-100%](#).

September analysis focused on Global Fund's disbursements to 96 grants ending in December 2020

The September 2020 Aidspan analysis had targeted the status of disbursement, as a proxy for absorption, for 95 grants from 26 countries and one multi-country grant that had recorded among the highest, average or lowest absorption rates between 2018 and 2019 (Table 1). (See [Global Fund implementer countries have barely spent 80% of their grants with just three months left](#)).

This article follows up on 90 of these grants to determine the status of disbursement and provide an indication of the absorption of these grants, two months after the end of the implementation period. The Global Fund had extended six of the grants in line with COVID-19 flexibilities to either March, June or December.

Similar to the September analysis, data for this analysis comes from the [Data Service pages](#) on the Global Fund website.

Table 1: Sampled countries, by region

| Global Fund Region | Countries |
|---------------------------------|---|
| East Asia and the Pacific | Indonesia, multi-country East and Pacific RAI ¹ , 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 |

¹RAI: Regional Artemisinin-resistance Initiative (RAI)

Global Fund has disbursed 92% of available funding

The Global Fund had disbursed 92% (\$4.7 billion) of the \$5.1 billion available for the 90 grants by 17 February 2021. Therefore, it is yet to disburse \$385 million. In September 2020, the Global Fund had disbursed approximately 82% of the available funding. The individual grants had received between 31%

and 100% of the signed amount, with one outlying grant having received 117%.

Overall, all grants ending in 2020 were collectively required to receive and fully utilize \$7.3 billion for the Global Fund to meet its absorption target of 85%. Information on how much had been disbursed and expensed by the end of 2020 is not publicly available. Still, according to a [Secretariat report to the Board](#) for the last Board meeting held in November 2020, the Global Fund had disbursed cumulatively \$6 billion by June 2020. However, the Global Fund reported that these countries had spent 79% of the total funding available in 2018 and 2019, equaling \$5.3 billion.

The 90 grants were a mix of state and non-state grants, with the non-state actors being the majority (56%) among the sampled grants, even though the state actors were managing a bigger proportion of funding (58%). The state and non-state actors had received an almost equal proportion of the available funding at the time of this analysis: 93% and 92%, respectively.

The majority of the grants were for malaria (27) and HIV (26). HIV, HIV/TB, malaria and TB grants had received more than 90% of their total signed grant amount (Table 2). HIV and resilient and sustainable systems for health (RSSH) grants saw a significant increase in the proportion of funding that had been disbursed: 76% to 90% for HIV and 56% to 78% for RSSH. The sole grant for RSSH had received 78%. The only multicomponent grant (SEN-Z-MOH) had received 69% of funding, down from 82% in September 2020. This is because the value of the signed amount had increased from \$13 million to \$18 million as per the Global Fund data. The Global Fund Secretariat explained that increases in the value of the signed amount were due to the addition of COVID-19 funding.

Table 2: Proportion of funding disbursed by type of implementer and disease component

| Type of implementer | Number of grants | Amount & proportion disbursed by February 2021 (%) | Amount & proportion disbursed by September 2020 (%) |
|---------------------|------------------|--|---|
| Non-state | 50 | 1,963 (92%) | 1,739 (82%) |
| State | 40 | 2,738 (93%) | 2,583 (82%) |
| Total | 90 | 4,701 (92%) | 4,321 (82%) |
| Disease component | Number of grants | Amount & proportion disbursed by February 2021 (%) | Amount & proportion disbursed by September 2020 (%) |
| HIV | 28 | 1,516 (90%) | 1,292 (76%) |
| HIV/TB | 19 | 862 (94%) | 787 (87%) |
| Malaria | 27 | 1,649 (94%) | 1,560 (83%) |
| Multicomponent | 1 | 13 (69%) | 11 (82%) |
| RSSH | 1 | 33 (78%) | 24 (56%) |
| TB | 20 | 628 (94%) | 647 (86%) |
| Total | 96 | 4,701 (91%) | 4,321 (82%) |

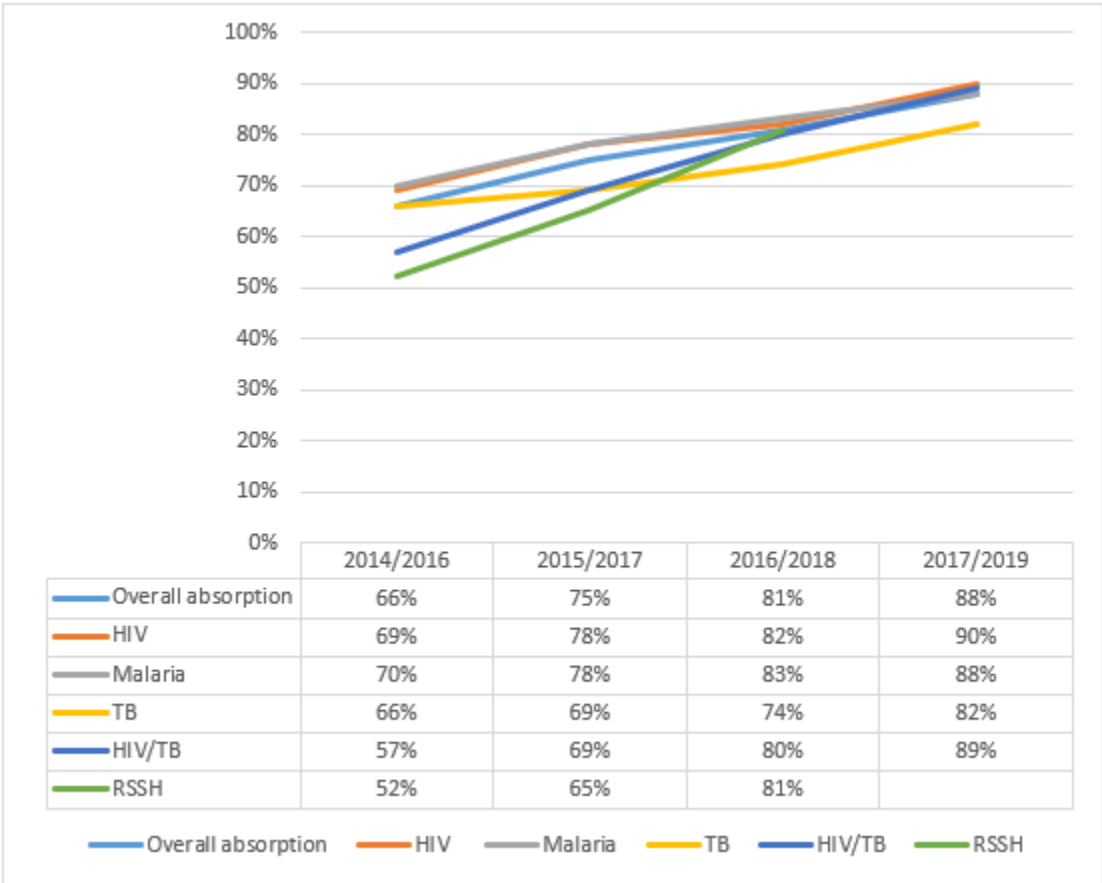
Notes:

1. The numbers are not directly comparable as the September analysis focused on 96 grants, while the February analysis focuses on 90 grants. The other grants were extended and will end at varying times in 2021.

2. The signed amount for some of the grants had increased by the time of the February analysis. The Global Fund Secretariat explained to Aidspan that these increases reflect COVID-19 funding.

In the past, absorption varied considerably across the disease components, with HIV and malaria having higher absorption rates due to their highly commoditized nature and RSSH recording the lowest (Figure 1). However, the absorption appears to have leveled off in recent years as all the disease components recorded a higher than 80% absorption rate in the 2017-2019 reporting period as noted in the Secretariat’s most recent [Strategic Performance Report to the Board](#) in November 2020.

Figure 1: Trends in absorption as reported by the Global Fund in its Strategic Performance Report to the Board



Source: Global Fund Strategic Performance Reports to the Board

Two of the sampled countries have received full funding

In terms of disbursement by country, two of the sampled countries – the Philippines and Uganda – had received all the available funding. In addition, 17 countries and the multi-country East and Pacific RAI had received at least 90% of the total grant signed amount; the remaining eight countries had received between 85% and 88%.

Figure 2: Proportion of funding disbursed by country



Global Fund disbursed \$4.2 billion amid the pandemic

Despite significant disruptions to the Global Fund-supported HIV, TB and malaria programs, the Global Fund disbursed \$4.2 billion to its implementer countries in 2020, which is only comparable to its disbursement in 2017, and is on course to meet its 85% absorption target. The institution [mitigated the pandemic's effect](#) through the COVID-19 5% grant flexibilities, deploying \$500 million through the COVID-19 Response Mechanism, and by extending the period in which the implementer can still use the 2018-2020 funds, although in special conditions, by 180 days (or up to June 2021). The Global Fund had also channeled \$755 million through portfolio optimization by June 2020. Through portfolio optimization, the Global Fund avails unspent funds or savings to countries with the capacity to absorb funds, 'without necessarily taking away the funds from the countries which are under-absorbing'.

While this achievement is commendable, this analysis shows that some of the countries or grants are still lagging behind in their spending. The Global Fund should continue working with the individual countries or implementers to address the existing bottlenecks to absorption of funds, to ensure better performance in the new implementation period.

Most of the sampled grants are continuing in the 2021-2023 implementation period

Most of the sampled grants have been renewed in the current implementation period, 2021 to 2023, under the 2020-2022 allocation period. A few others have expired, while new ones have been introduced due to a change of the Principal Recipient (PR) or changes in the scope of the disease component covered. Altogether, these sampled implementer countries are implementing 84 grants totaling \$5.8 billion and that will end in December 2023.

Most continuing and new grants have already committed part of their funding and received their first disbursements. The Global Fund had already disbursed 6% (\$329 million) by 17 February 2021. However, about 13 of the 84 grants were yet to receive any funds. Notably, none of the grants in Benin and

Tanzania had received funds. However, previous experiences have shown that the lack of disbursements does not necessarily mean that activities are at a standstill. Indeed, some of these grants had already committed a significant proportion of the funding, as high as 60% of the grant.

A timely start to implementation is needed

A prompt start to implementation is of utmost importance. Previous analyses by the Global Fund Observer (GFO), the Global Fund Secretariat and the Office of the Inspector General (OIG) have described how delays in the initiation of grants negatively affect the absorption of grants during the entire lifetime of the grant. The delays are often due to late selection and start-up of sub-recipients. The risk is especially high this time around as some of the 2018-2020 grants are still active and the implementers are expected to run the new and the old grants concurrently. Also, COVID-19 is still causing widespread disruptions in Global Fund-supported programs.

This time around, the Global Fund and countries should ensure early selection and start of sub-recipients and regular monitoring of absorption at the modular and activity level, especially in light of COVID-19, which has affected some activities more than others. The implementers, country coordinating mechanisms (CCMs), and the Global Fund Country Teams should also intervene at an early stage to identify and resolve absorption bottlenecks.

Further reading:

- GFO 387, [Global Fund implementer countries have barely spent 80% of their grants with just three months left](#), 1 October 2020

[Read More](#)
