



Independent observer
of the Global Fund

FAILURE TO ABSORB GLOBAL FUND MONEY: AFRICAN CONSTITUENCIES SOUND THE ALARM

Impediments at both the Secretariat and country level are leaving many Global Fund recipients unable to fully absorb their funding, and are raising alarms over the resulting reductions in service coverage and quality. This is the first of a three-part series in which we discuss some of the reasons behind these absorption failures, as well as some of the solutions that are being proposed.

Delegations representing Eastern and Southern Africa, and West and Central Africa, on the Global Fund Board flagged concerns about absorption capacity in a statement released in April 2017 ahead of the Global Fund's Board Meeting in Kigali, Rwanda, last May.

The statement called the failure “a persistent problem that the African countries experience.” Beyond the lost opportunities for intervention, the delegations said, absorption issues can also affect plans for procuring drugs and other commodities, and future funding. Syson Namaganda Laing, the focal point for the Eastern and Southern Africa delegation, said officials hoped that by highlighting their concerns about lapsed funding, they could bring more attention to an issue they say urgently needs to be addressed, and they can push for the implementation of possible solutions.

While experts said that concerns about absorption exist in all regions, Bernice Dahn, who is both the Liberian health minister and the alternate Board member for West and Central Africa, said it was particular concern for the two sub-Saharan African constituencies.

“Many African countries have troubling economies where the resources are inadequate to address the many needs of the country,” she said. “The domestic budgets for health is often times very little to address the enormous health needs, so we in Africa seriously need the Global Fund grants as a complement to

address a significant portion of the health burden in our respective countries.” That makes any Global Fund money that is lapsed because of poor absorption even more significant.

At its November 2016 Board Meeting in Montreux, Switzerland, the Global Fund [estimated](#) that at least \$1.1 billion in funds from the 2014-2016 allocation period would not be utilized.

Under current Global Fund regulations, a country is unable to carry over unutilized funds to the next grant implementation period, even though it is the “same” grant.

Much of that leftover money from the 2014-2016 allocation period appears to be in the African countries. While the Global Fund does not report on individual grant absorption, the African Population and Health Research Center (APHRC) released a [report](#) at the end of 2016 that found that among 34 countries within the two African constituencies, only about 65% of funds from signed grants over the previous three years had been disbursed.

Furthermore, among participants in three different research studies APHRC conducted in 2015 and 2016 and featured in its report, less than 5% perceived their country’s absorptive capacity to be good, while 48% said it was weak.

This is not a new concern, Dahn said, but one that deserves more attention because it is effectively means that money is being lost in the efforts to fight HIV, malaria and tuberculosis.

“The inability of the African countries to adequately absorb Global Fund resources limits the impact the grants are expected to have on the countries and it slows down the speed at which these diseases could be eradicated from the countries,” she said.

Laing said poor absorption has ramifications with respect to the ability of countries to procure drugs and other items that are paid for with Global Fund money. Countries often tailor their broader procurement timelines to dovetail with Global Fund grants, she said, which means that if funds are delayed or – more critically – if money lapses because it is not spent within the grant period, it can ultimately lead to stock outs of critical items. This is especially dangerous if there is no money in the domestic budget to make up for the lost Global Fund money, she said.

Poor absorption also has implications for future funding, both at the country level and for the Global Fund more broadly, said Allan Maleche, who chairs the Implementers Group. Though not officially part of the governance structure of the Global Fund, the Implementers Group attempts to strengthen the participation of grant implementers in the activities of the Global Fund Board.

Maleche said that if a country is unable to spend money it was allocated, this can affect the amount it is awarded in future funding cycles. This also has implications when the Global Fund embarks on replenishment, he said, with donors questioning why funding has gone unspent.

“It’s a problem that has to be addressed,” Maleche said. “It sends a bad signal to have money [lapse while] people are still dying of these diseases.”

The second and third articles in this series will consider some of the persistent obstacles to full absorption, as well as solutions that have been attempted or are being discussed to overcome these obstacles.

A copy of the April 2017 statement from the two African delegations on the Global Fund Board concerning absorption problems is on file with the author.

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