



Independent observer
of the Global Fund

Countries should seize the opportunity to use the extended COVID-19 Resource Mechanism funds

This article discusses the poor absorption rate for COVID-19 Response mechanism (C19RM) and the possible reasons for this. It is followed by a summary of the Board's discussion regarding C19RM and the Board's vote to extend the C19RM deadline. The full Decision Point approved can be found at the end of the article.

Introduction

Since its first reported case in 2019, COVID-19 has spread exponentially worldwide. There have been variations in the pandemic's incidence in different regions, but the trend generally increased until mid-2022 onwards, when it started to decline. However, among the regions illustrated in Figure 1 below, Asia continues to have the highest incidence of COVID-19.

Figure 1: COVID-19 burden in Global Fund-supported regions

Legend: America, Europe, Latin America, Caribbean [AELAC] | South-East Asia [SEA] | Latin America and the Caribbean [LAC] | and Eastern Europe and Central Asia [EECA] | High Impact Asia [HIA] | High Impact Africa [HIA] | Middle East North Africa [MENA] | Africa and the Middle East [AME]

Source: [The Global Fund 2022 COVID-19 Board Update](#)

More than 130 countries have received \$4.3 billion since April 2020 from the Global Fund COVID-19 Response Mechanism (C19RM) to promote pandemic preparedness and support and strengthen responses to the virus. The funds are intended to reduce COVID-19's adverse effects on programs to combat HIV, TB, and malaria (HTM) and initiate urgent health system improvements.

COVID-19RM funding expenditure

General expenditure on goods and services for COVID-19 has been for clinical services (e.g., testing, curative, and rehabilitation), health promotion and prevention (e.g., vaccination, contact tracing, and health education), and system strengthening (e.g., human resource capacity building, planning, coordination, and surveillance). The funds have also been used to maintain essential health services since COVID-19 has disrupted the regular service provision in most regions.

According to a Global Fund [report](#), countries have mainly used the C19RM funding to strengthen their national response. The funding has also been used to improve health systems for responding to the virus and lessen its impact on HIV, TB, and malaria programs.

Figure 2: How countries are using C19RM funding

Source: Adapted from [COVID-19 – The Global Fund to Fight AIDS, Tuberculosis, and Malaria](#)

75.6% of the C19RM funding received by countries has been used to strengthen the national COVID-19 response by acquiring essential medical supplies, facilitating the safeguarding of front-line health workers, and supporting control and containment interventions. The remaining 12.7% has been used to strengthen health systems, while 11.7% went to mitigate the impact of COVID-19 on HTM programs .

Concerns with C19RM expenditure

According to a [report](#) by the Office of the Inspector General (OIG), utilization of the 2020 C19RM funds ranged from 41% to 95% as of June 2021. The OIG identified several reasons for the C19RM grants' poor performance regarding expenditure rates, of which three are the main areas for concern: regulatory and administrative bottlenecks, weak in-country procurement capacity and procedures, and global manufacturing and supply constraints. According to the most recent data from the OIG [audit report](#) as of 30 June 2021, 47% of C19RM 2020 money had been used across all disease portfolios, with considerable disparities in how rapidly funds were spent in different countries.

For C19RM grants to be rapidly assessed and approved, the right human resources and processes have to be in place. The capacity of Secretariat staff, partners, and personnel at the country level was crucial for implementing C19RM 2021. New tools and procedures had to be developed to support the funding requests and approval process and the more extensive monitoring and oversight structure. However, there were internal difficulties within the Global Fund that slowed down how quickly funding could be used at the country level after it had been approved; for instance, delays in completing Secretariat internal processes after the Investment Committee (IC) approval postponed the start of country-level activities as reported in the OIG [report](#).

The Philippines and South Africa were cited as examples of prompt fund utilization, with absorption rates of 87% and 95%, respectively, as of 30th June 2021. Strong national and Principal Recipient (PR) capacity concerning local procurement was one reason provided for this. Given that health items, equipment, and procurement and supply management (PSM) expenditures account for 75% of total 2020 C19RM funding, the robustness of in-country PSM systems and infrastructure is essential in ensuring

prompt utilization of funds. But in six out of seven countries assessed by the OIG, problems with capacity and procurement procedures were a significant obstacle to the timely use of funds. The OIG identified several problems, including lengthy and complicated bureaucratic procedures that required navigating numerous parties before the monies could be expended.

Together with already existing heavy workloads, countries have lacked the human resource capacity needed to order and manage COVID-19-related supplies. Countries struggled to quickly set up new procedures, agencies, and institutions. The OIG identified weaknesses in COVID-19 response coordination at the national and implementer levels, a disregard for procurement best practices, and inaccurate, insufficient, or restrictive specifications that necessitated re-tendering.

Factors influencing the absorption of C19RM

COVID-19 has increased the stress on capacity and processes for in-country supply chains, most of which were already stressed due to the significant scale-up of activities in previous years. Responses to the pandemic exposed flaws in countries with pre-existing PSM-related issues that resulted in the inefficient use of funds. Among the ten countries examined in depth by the OIG, those with more solid PSM-related capabilities, systems, tools, and processes were able to spend funding more swiftly.

Both domestic and international procurements have experienced considerable delays due to regulatory difficulties around delivery and procurement. Pre-existing custom problems severely disrupted deliveries of goods. For instance, revised anti-fraud and corruption procedures in Malawi and new regulations on commodities in Cameroon and Kenya lengthened procurement timelines, delayed procurement and delivery, and negatively impacted critical program activities. Personal protective equipment (PPE), N-95 masks worth \$10.9 million, have been sitting in a warehouse in South Africa since May 2021 because the National Regulator for Compulsory Specifications has yet to approve them.

Significant PSM problems had already become out of control in five OIG countries. These included issues with manufacturing and production that affected national capacity to order goods (as reported in Mozambique and Ukraine) and caused problems with international shipping and transportation (as noted in Kenya and Nigeria). Global disparities in access to diagnostics, PPE, and other health products affected their availability and delivery.

According to the OIG [Audit of the COVID-19 Response Mechanism 2021](#), PSM issues have generally been responsible for delays translating the allocated money into impact for national beneficiaries. These delays also highlight the Global Fund's internal processes' difficulties in swiftly switching from the standard three-year cycle awards to shorter emergency-type funding.

The pace at which countries can begin procurement is affected by their PSM human resource capacity, complicated specification processes, and regulatory impediments. These delays are partially attributable to the intricacy of orders requiring more time than a typical procurement order due to the specific product and equipment specifications.

Utilization of C19RM 2021 investments has been impacted by countries' capacity to absorb the previous year's (C19RM 2020) financing and commodities. There are examples of situations whereby the inadequate supply chain capacity to absorb C19RM 2020 commodities resulted in delays in buying 2021 commodities, mainly to avoid overstocking warehouses. For instance, C19RM 2021 orders in Mozambique have been suspended to give the local supply chain time to fulfill current obligations.

Board meeting discussion on systems strengthening for implementation of C19RM

The factors behind the ineffective absorption of C19RM point to weaknesses in the systems that affect program implementation. We have highlighted above how inefficient PSM systems have negatively

affected performance. At the 48th Global Fund Board meeting, there were reports that demand for C19RM investments had moved from diagnostics, infection prevention, and control to focusing mainly on systems strengthening.

Deliberations at the Board meeting showed a recognition by both the Board and Secretariat of the need for additional time for C19RM investments to focus effectively on building health systems' capabilities to strengthen resilience and preparedness. This recognition resulted in the Board's approval to extend the awards deadlines from 31 March to 30 June 2023 for awards and from 31 December 2023 to 31 December 2025 for implementation. There were discussions on the need for PSM support and, more specifically, for community health systems, laboratory systems, surveillance systems, and oxygen and respiratory care.

Need for change

The C19RM investments have to evolve along with the COVID-19 pandemic. The Global Fund wants to help implementing nations reevaluate how these funds might be tailored to their requirements in a highly dynamic pandemic setting. Although the COVID-19 pandemic is still ongoing and investments in this area are still necessary, C19RM funds offer a chance to enhance healthcare systems' capacity across a range of probable epidemic scenarios, boosting resilience and being ready for the next pandemic.

There is a need to plan absorption in countries affected by COVID-19 to ensure they use the funds effectively. Successful COVID-19 vaccine rollout could be built using frameworks such as the four S's framework developed by the [Global Health Security Consortium](#). The framework identifies vaccine delivery location, supply chains, staffing and equipment; information and systemization of data; and enhanced communications and community engagement as pillars of a successful vaccine rollout. There is a need to evaluate the role played by the [C19RM Guidelines](#), which were developed in collaboration with Global Fund Country Teams. Assessments can be done to assess compliance with the guidelines by countries with low absorption and the guidelines' role in supporting expenditure effectiveness.

At the Board meeting, members were concerned about the lack of engagement of the Global Fund's Technical Review Panel (TRP) in the review and decision-making process for C19RM grants. Their closer involvement was considered necessary, especially with the extension of the grants, increased funding, and more focus on system strengthening. Additionally, the members felt TRP would enhance leveraging and prevent duplication with Global Fund core grants and other emerging Pandemic Preparedness and Response funding streams. To this effect, the Board members steered the TRP's engagement in reviewing funding requests and providing technical guidance in the scale-up and monitoring of interventions. This move could ensure a robust and independent review of C19RM grants application and implementation. The Board members called for the TRP to work with the Grant Approvals Committee (GAC) and the COVID-19 Technical Advisory Group (CTAG) on this new role although it is still unclear how this will be coordinated.

In summary, C19RM effectiveness will need the modification of systems and processes to the extent possible to maximize the impact as long as the pandemic continues to make itself felt.

Decision point for Board approval

The Secretariat presented the decision points in Figure 3 below to enable the extension of C19RM and enhance better coordination and multi-sectoral coordination in the grant implementation. They were unanimously approved by the Board meeting.

Figure 3: Decision Point GF/B48/DP03: Extension of the COVID-19 Response Mechanism (C19RM)

Extension of the COVID-19 Response Mechanism (C19RM)

Decision Point GF/B48/DP03

1. The Board acknowledges that C19RM was established to support (i) COVID-19 control and containment interventions, (ii) COVID-19 risk-related mitigation measures for programs to fight HTM, and (iii) expansion and reinforcement of key aspects of health systems and recognizes that C19RM requests and awards through 2021 largely focused on the acute response to the COVID-19 pandemic.
2. The Board acknowledges that the pandemic is evolving, and that recipient priorities are correspondingly shifting towards longer-term investments in health systems' infrastructure and capacities for pandemic preparedness response.
3. To facilitate careful planning of such investments, including alignment with potential funding requests for the Seventh Replenishment grant cycle, the Board approves that C19RM funds may be awarded through 30 June 2023, with opportunity for subsequent C19RM portfolio optimization awards.
4. To enable maximization of impact from investments in resilient and sustainable systems for health, the Board approves that any C19RM funds may be implemented through 31 December 2025 and will finance investments across the Sixth and Seventh Replenishment periods – acknowledging that the Secretariat will continue to ensure rapid deployment of funds and quality implementation notwithstanding this deadline.
5. The Board approves that C19RM funding requests will continue to be developed through appropriate, multi-stakeholder consultation and fully inclusive decision-making, which must engage communities and civil society, and ensure coordination with the national COVID-19 response coordinating body or provide other evidence of alignment with the national approach to COVID-19 response in the absence of such a coordinating body.
6. The Board approves that the Secretariat may use up to 4.5% of C19RM funds, representing an increase from the prior ceiling of 3%, to cover additional management and operating costs related to extension of C19RM.
7. The Board agrees that all other parameters of C19RM under GF/B46/EDP06 remain unchanged.

Budgetary implications (included in, or additional to, OPEX budget)

Incremental management and operating costs directly attributable to C19RM will be covered by up to 4.5% of funds made available for C19RM.

The Board Document GF/B48/06, Extension of the COVID- 19 Response Mechanism (C19RM) should be available shortly at <https://www.theglobalfund.org/en/board/meetings/48>

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