



Independent observer  
of the Global Fund

## Low absorption rates for C19RM implementation

Since our GFO on May's Board meeting covered much on the COVID-19 Response Mechanism (C19RM), we thought it would be timely to provide you with an update. This is especially pertinent given that many countries are undergoing portfolio optimization for their C19RM grants as part of preparations for their funding requests under Global Cycle 7 (GC7); moreover C19RM absorption rates are low yet at the same time the Global Fund is applying for additional C19 resources from the Pandemic Fund.

On 19 October 2022, the Secretariat presented an update to the Audit and Finance Committee (AFC) and Strategy Committee (SC) on C19RM implementation, including the forthcoming C19RM portfolio optimization (PO) to progress with prioritizing investments in resilient and sustainable systems for health (RSSH) and pandemic preparedness. The need for reprogramming has arisen because, as the COVID-19 pandemic has evolved, countries' needs have shifted towards strengthening health systems and pandemic preparedness. The Secretariat outlined its proposal, at that time still under development, to extend C19RM to the end of 2025. On 16 November 2022, the Board discussed and approved the proposed Extension of COVID-19 Response Mechanism Timeline and COVID-19 Operational Flexibility to 31 December 2025. We reported on this in our article in GFO 423, [Countries should seize the opportunity to use the extended COVID-19 Resource Mechanism funds](#).

This extension has provided a unique opportunity for countries to reprioritize interventions that are in line with the systems strengthening and pandemic preparedness mandate of C19RM, complement investments in the next funding cycle and deliver on the objectives of the new 2023-2028 Global Fund Strategy.

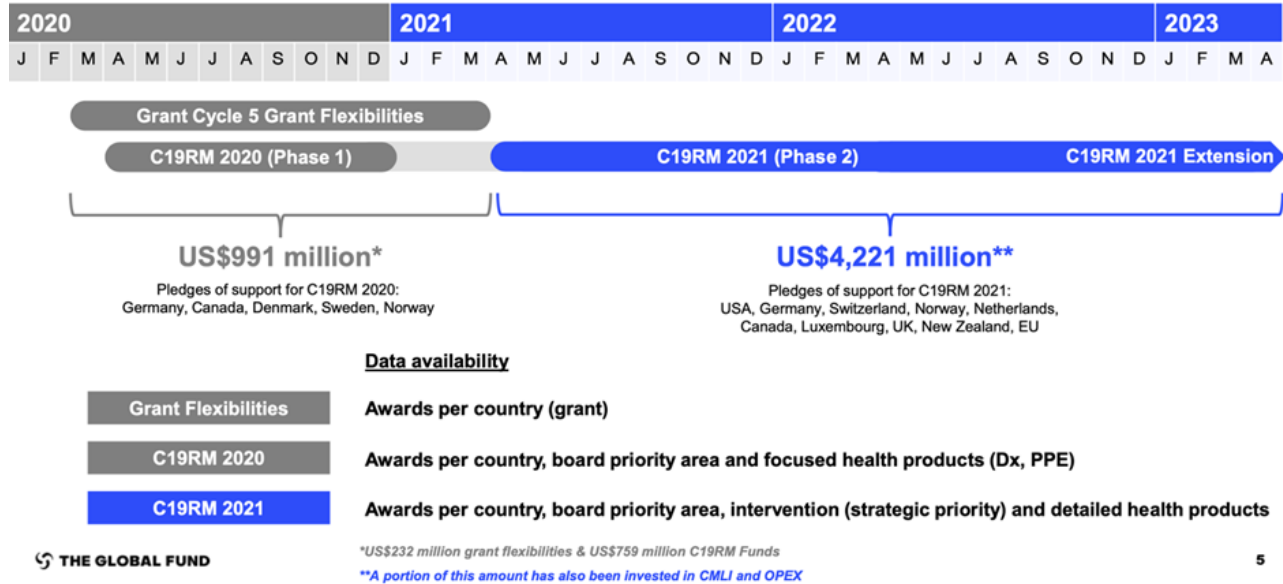
So: what's happened since then?

## Secretariat update to the Board on C19RM

The Secretariat produces a regular update for the Board. In the last monthly update for February-March, published on 14 April, the Secretariat reported on the issues below.

Figure 1 reminds us of the initial total amount available for C19RM and how it was invested over the four-year period before the extension approval.

Figure 1. C19RM: \$5 billion invested across three modalities



C19RM Portfolio Optimization Wave 1 Awards: Following the Board decision on the extension of C19RM, the Secretariat reviewed and awarded C19RM Portfolio Optimization (PO) Wave 1 with \$547 million awarded to 40 countries and one multicountry grant. Applicants are being notified of awards on a rolling basis.

Figure 2. C19RM 2020 & 2021 Awards Pipeline (as of 28 February 2023)



**US\$4,762 million** of C19RM 2020 and 2021 cumulative funding awarded to **125 applicants** for a portfolio average of an amount equivalent to **37% of the Grant Cycle 6 Allocation (GC6)**, excluding **US\$232 million** of GC5 Grant Flexibilities.

**C19RM Portfolio Optimization Wave 1: 49 requests** submitted for a total of **US\$1,700 million**.

- 41 applicants were awarded funding for a total of **US\$547 million**. This includes **US\$420 million (pending Board approval)** for 12 applicants.
- 8 applicants did not receive an award.

**C19RM 2020 & C19RM 2021 Awarded Amounts (US\$ million)**

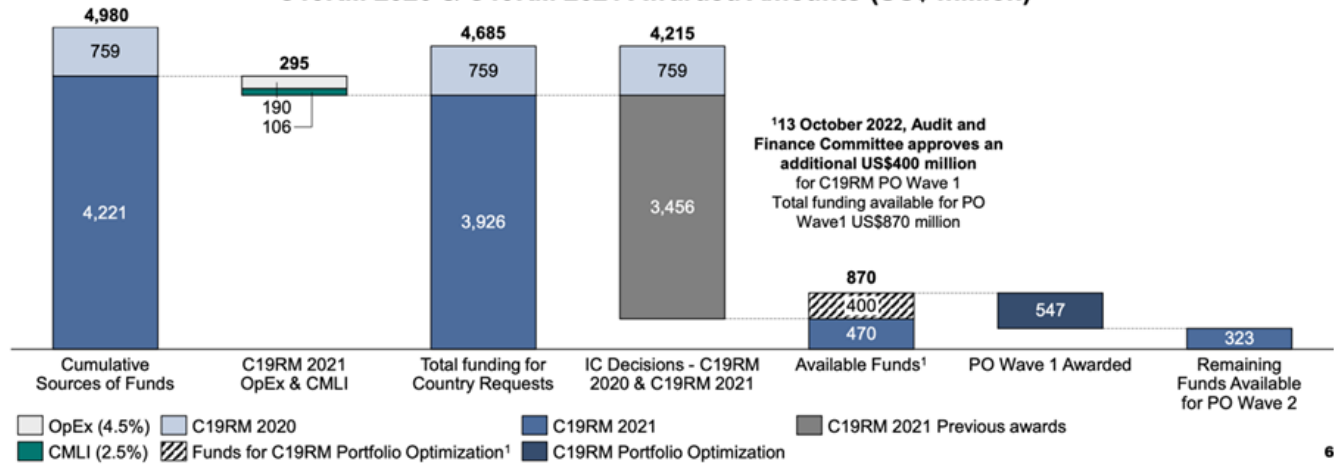
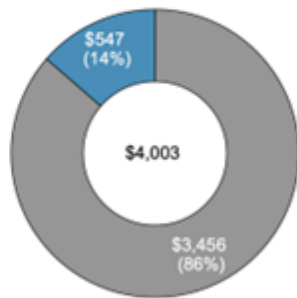


Figure 3. C19RM PO Wave 1: \$547 million awarded by region (as of 28 February 2023)



**US\$547 million** (including incremental HTM procurement and supply management costs) was awarded/recommended for Board approval under C19RM PO Wave 1 to **41 applicants**, an amount equivalent to **8.7% of their GC6 allocation**.

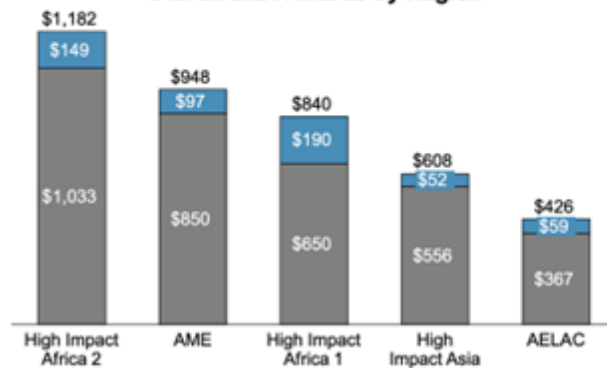
**C19RM 2021 Awards**



■ Portfolio Optimization  
■ Previous C19RM 2021 Award (Fast & Full)

**THE GLOBAL FUND** All values are in US\$ million and rounded. Values under C19RM portfolio optimization awards also include values recommended for Board approval.

**C19RM 2021 Awards by Region**



In terms of the Global Fund’s “strategic priorities”: C19RM PO Wave 1 investments support the strategic shift towards longer term investments and respond to countries’ needs. Awards prioritize resilient and sustainable systems for health (RSSH) interventions that simultaneously contribute to health system strengthening and pandemic preparedness – including laboratory systems and diagnostic networks, surveillance, oxygen and respiratory care, and community health workers (CHW).

Figure 4. \$547 million Investment in Portfolio Optimization Wave 1: Reflects shift in funding needs

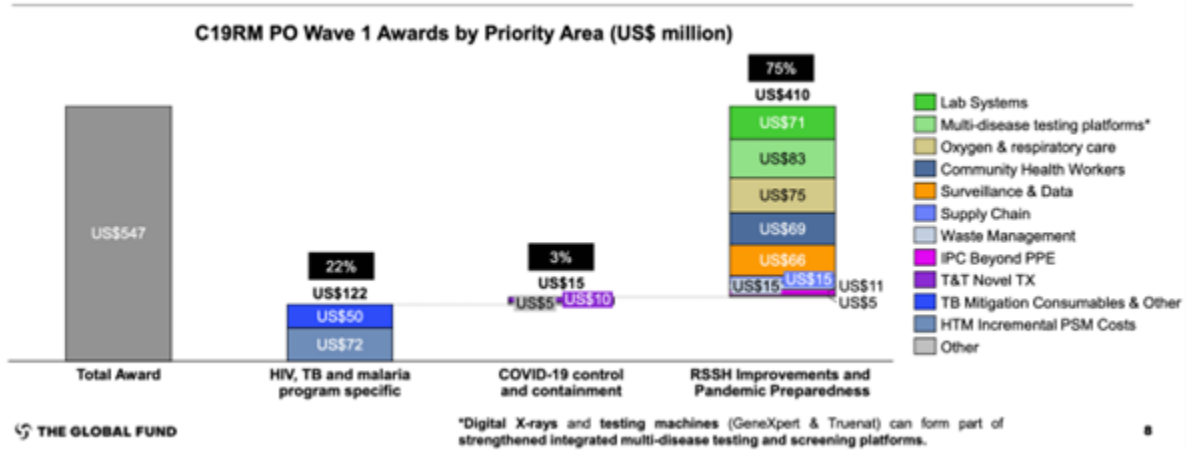
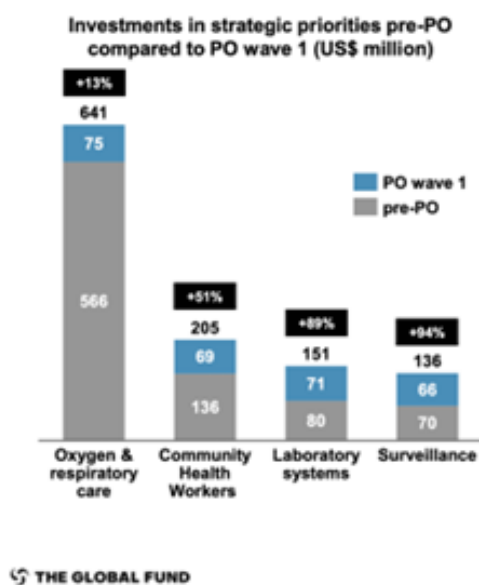


Figure 5. C19RM Portfolio Optimization Wave 1

Additional US\$281 million awarded to support Oxygen, CHW, Lab systems and Surveillance

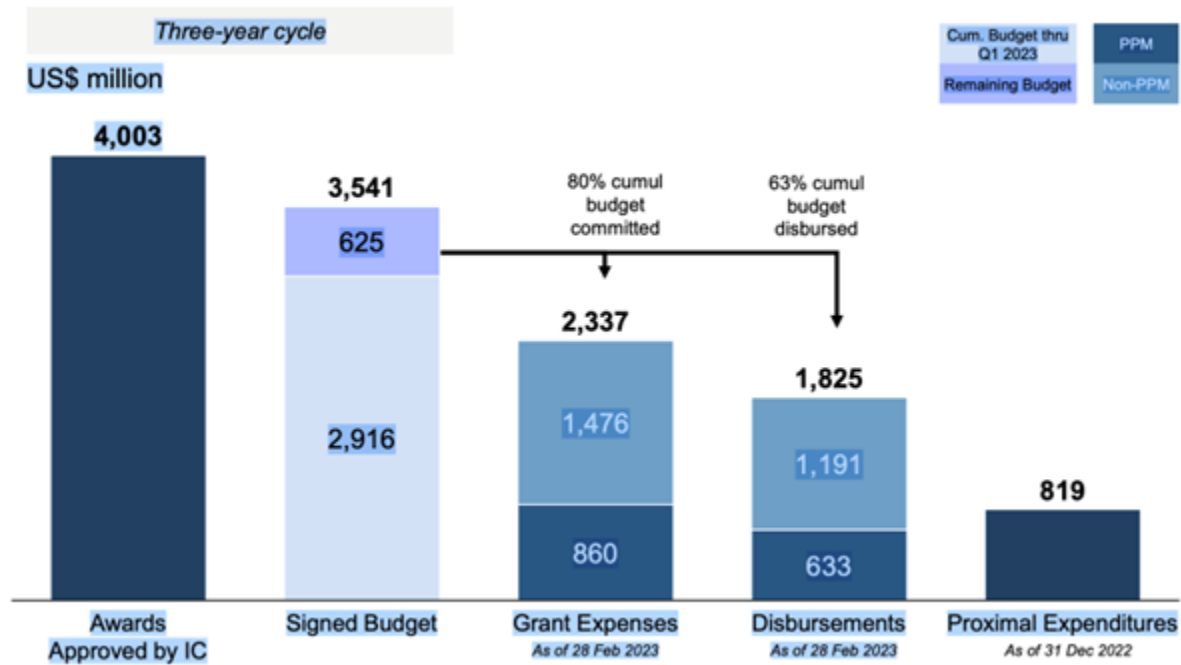


- C19RM Portfolio Optimization Wave 1 has provided additional funding to strengthen systems, build infrastructure and capabilities to prevent, detect and respond to new threats, including:**
  - Increasing investments for critical components of resilient and sustainable systems for health (RSSH) that simultaneously contribute to the COVID-19 response and strengthen pandemic preparedness.
  - Refocusing C19RM investments to adapt to the COVID-19 pandemic evolution and respond to countries' needs: from acute COVID-19 response to transition, integration, and IHR/JEE capacities.
  - Ensuring complementarity and synergies with GC7 RSSH and pandemic preparedness investments.
- Targeted Centrally Managed Limited Investments (CMLI) complement awards to countries with timely technical assistance to strengthen delivery of strategic priorities aligned with RSSH and pandemic preparedness (including Oxygen, CHW, Lab systems and Surveillance), to maximize impact and use of funds.**

1. Finance Update: The Global Fund has made cumulative disbursements of \$1,825 million (63% of the cumulative budget to 31 March 2023). However, proximal financial data (31 December 2022) show that in-country absorption (ICA) remains very low at 37%, in part due to the decrease in demand for health products in the context of pandemic evolution. To align investments with the strategic shift to longer-term systems strengthening and pandemic preparedness, maximize implementation time and optimize fund utilization through 31 December 2025, an accelerated budget revision and reprogramming is underway. To date:

- 80% of the cumulative budget to 28 February 2023 has been committed, including orders placed in wambo.org, the Global Funds' online procurement platform.
- Total cumulative disbursements of \$1,825 million as of 28 February 2023, representing 78% of commitments and 63% of the cumulative budget to 31 March 2023.
- In-country absorption rate (based on December 2022 proximal financial data ) remains low at 37% due to lower-than-expected demand.
- Budget revisions and reprogramming are ongoing in 2023 to meet new ambitions for implementation through 31 December 2023.
- Reinvestment and portfolio optimization are expected to unlock the ability of implementers to gear investments towards emerging needs with higher impact and absorption potential.

Figure 6. C19RM extension reinvestment, PO and budget revisions



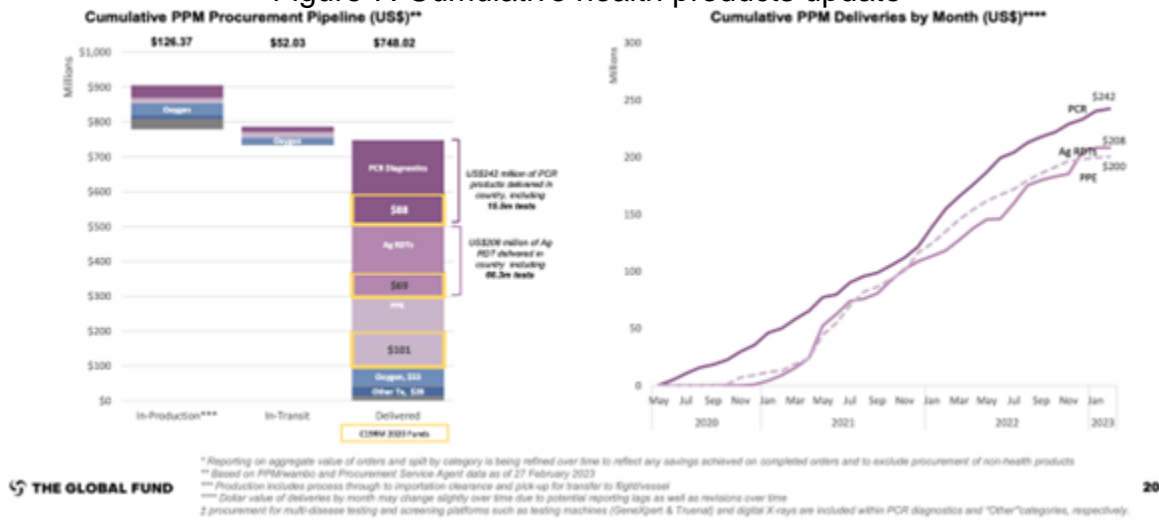
**Important Note:** Proximal expenditure. is only available for High-Impact/Core countries representing 92% of awards. The pulse check compliance rate for Q4 is 94%. Consequently, the proximal expenditure is a representative execution rate triggering the action plan on reprogramming and optimization.

1. Health Products Pipeline: The Health Products Pipeline represents 63% of C19RM 2021 awards. \$489 million (\$476 million as of January 2023) of COVID-19-related health products have been delivered through the pooled procurement mechanism (PPM) with C19RM 2021 funds. The total non-PPM purchase orders reported through February 2023 were \$242 million (\$233 million as of January 2023).

Orders for \$926 million (\$913 million as of January 2023) of COVID-19-related health products have been placed through PPM/wambo.org since 2020, with \$748 million delivered.

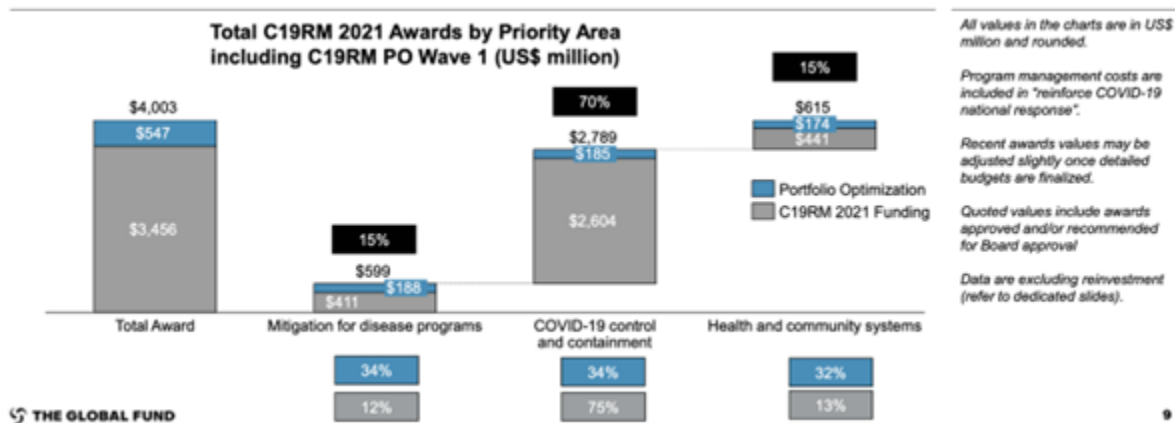
- \$3 billion awarded since 2020 for the procurement of COVID-19 related health products (including C19RM 2020): Diagnostics: \$1,017 million; personal protective equipment (PPE): \$769 million; oxygen: \$605 million.
- \$259 million products delivered through PPM with C19RM 2020 funds; and \$489 million (\$476 million in January) products delivered through PPM with C19RM 2021 funds.
- Purchase Orders of \$178 million for products remaining to be delivered (\$734 million as of January 2023).

Figure 7. Cumulative health products update



However, the overall investment landscape remains unchanged, with 70% allocated to COVID-19 containment. C19RM PO Wave 1 awards focus on the following priority areas: COVID-19 control and containment (test-and-treat, oxygen and respiratory care, infection prevention and control (IPC) beyond PPE, and multi-disease diagnostic platforms); Mitigation for disease programs (TB mitigation and \$72 million of incremental procurement supply management (PSM) costs) and Health and community systems (lab systems, surveillance, supply chain and waste management). Investments in CHWs are cross-cutting and, as such, feature in all three priority areas.

Figure 8. Overall investment landscape



C19RM Portfolio Optimization Wave 2 is under preparation and aims to further scale up investments in priorities aligned with the strategic shift towards longer-term systems strengthening and pandemic preparedness including in surveillance systems strengthening, laboratory and diagnostics, and human resources for health (including CHW), integrate the Pandemic Fund and enhance synergies with GC7 investments. The Secretariat supports countries to make impactful choices across the Pandemic Fund and C19RM to maximize alignment for pandemic preparedness funding streams.

Regarding the Wave 2 timelines, the updated deadline was 12 May 2023. This updated timeline supported the better coordination of available funding streams, application, review, timely award and implementation through:

- Integration and coordination with Pandemic Fund (proposals were due on 19 May).
- Increased complementarity with GC7 applications.
- Defining programmatic gaps and maximizing potential for countries to develop proposals to register Unfunded Demand for future C19RM Portfolio Optimization updates, additional funding opportunities

- including the Pandemic Fund.
- Analysis of C19RM budgets, prioritization, reinvestments / re-budgeting, and preparation of Performance Frameworks.
- Resource mapping across national, regional and global funding mechanisms.

The Secretariat will review and approve C19RM applications on a rolling basis to ensure rapid deployment of funds, maximize implementation time and optimize fund utilization through 31 December 2025.

Figure 9. Integrated planning for GC7 and C19RM grants

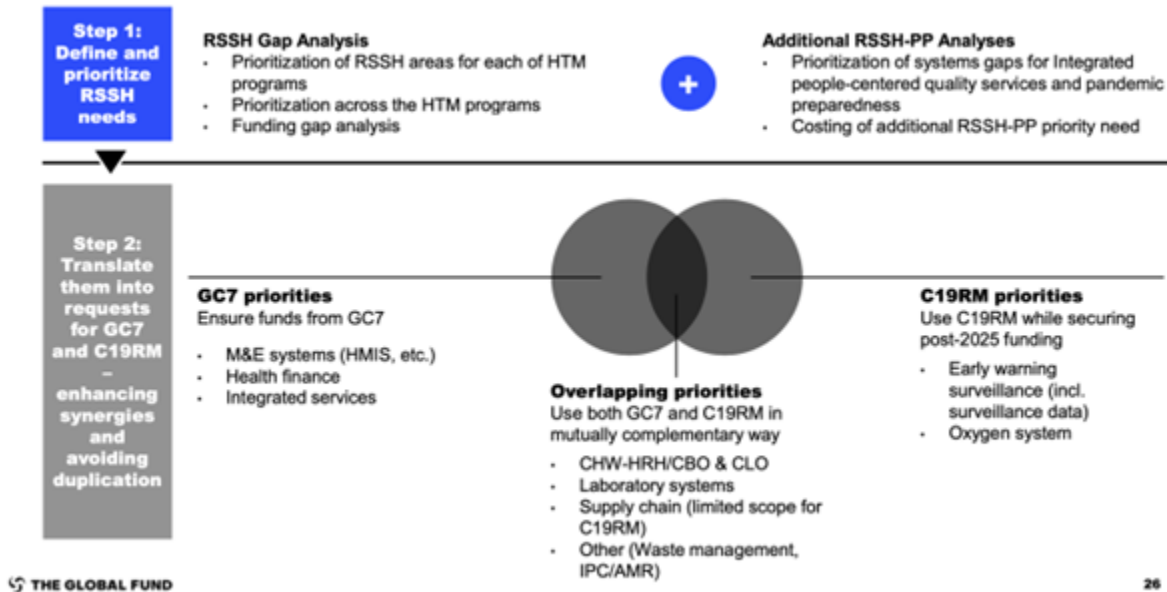
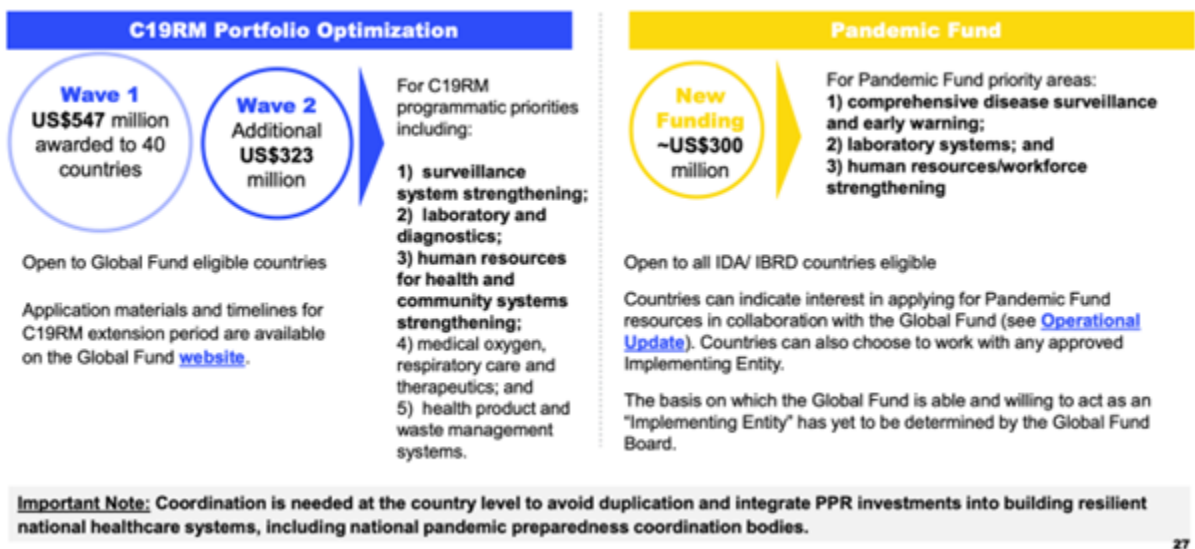


Figure 10 depicts how the Global Fund aims to ensure coordination and complementarity between C19RM and the Pandemic Fund, allowing countries to maximize alignment and synergies across pandemic preparedness funding streams.

Figure 10. Coordination and Complementarity: C19RM and Pandemic Fund



Operationalization of the C19RM Extension: The C19RM Technical Information Note has been updated to reflect the shift towards longer term investments, as has the M&E Framework to ensure comprehensive and relevant reporting, monitoring and evaluation of C19RM investments, the programming of which will be coordinated with GC7 resources. The C19RM Monitoring, Oversight (M&O) and Assurance Approach 2023-2025 has also evolved to meet the changing epidemiological context and investment priorities. The

engagement of the Technical Review Panel (TRP) in C19RM is in progress with the onboarding of leadership, Focal Points and Pandemic Preparedness experts.

What's next?

As the countries' funding requests start to arrive – Windows 1 and 2 already having been closed – it can be seen that countries are struggling with the RSSH component; and peer reviews of 33 applications to date show that many countries do not well reflect the C19RM situation in their country and how requests under C19RM are aligned with their RSSH requirements and proposed interventions. This will undoubtedly be an area for concern as countries move into the grant-making phase and country teams will find themselves in the position of revisiting the RSSH components to ensure their alignment not only across the three diseases but with whatever has been done under the C19RM grants or remains to be done under the C19RM portfolio optimization for grants up to the extended period.

Low use of C19RM funds

The AFC meeting in March this year was frank about the poor performance of the C19RM grants but optimistic about how this could be improved.

C19RM management and operating costs of \$62.6 million were cumulatively realized (33% utilization) as of 31 December 2022. The overall budget ceiling runs until the end of 2025 and represents 4.5% of total sources of funds available for C19RM of \$190 million

For the C19RM 2021 grants themselves, the two-year extension provides opportunities to address past implementation challenges illustrated by a low absorption of 28% at 30 June 2022 (37% ICA at 31 December 2022 based on proximal financial information for High Impact & Core countries) by accelerating and scaling-up implementation.

Past implementation challenges were mainly characterized by disruptions in supply chain, evolving pandemic and shifts in country priorities from emergency response to longer-term investments in strengthening health systems and pandemic preparedness.

With the two-year extension, considering the recently approved awards at 31 December 2022 and portfolio optimization (\$400 million) which are currently in the award phase, the current forecasts reflect the revised ambitions with an allocation utilization (AU) of 94%. Reducing the gap between forecast ambition (utilization) and implementation (absorption) requires corrective measures such as: reprogramming to address evolving needs; reinvesting to accelerate the strategic investment shift; and revision of budgets to cover the extension period. These measures will be accompanied by the necessary oversight and monitoring mechanism in close collaboration with assurance providers, Technical Advice & Partnerships (TAP) & Finance.

As ICA remains very low at 37%, with one reason for this being in part due to the decrease in demand for health products in the context of pandemic evolution, we wonder therefore why the Global Fund has submitted a request to the Pandemic Fund under the first funding window that closed on 19 May.

The Global Fund identified the following issues which, it says, will go some way to mitigating the low burn rate and support increased C19RM fund absorption:

- Conversion of the non-PPM budget to purchase orders is at 43% of the quarter to date (Q1 2023)



budget or 41% of the three- year total. The C19RM funds extended implementation period is an opportunity for further budget conversion.

- The total of purchase orders reported through Feb 2023 was \$242 million. This is \$9million morethan what was reported in January 2023. Some purchase orders have recently been issued for PSA plants and medical oxygen equipment ( e.g., more than \$5 million for Bangladesh). Further purchase orders (i.e., \$37 million for PSA plants for India) are expected to be issued soon while PO exercises are being implemented.
- Oxygen demand has been fluctuating. Globally, oxygen procurement and implementation has been slow, given the technical and complex nature of the procurement as well as in-country coordination, site assessments and infrastructure needs.
- Where procurement has not progressed or stalled, there are ongoing changes of procurement channel – for example from non-PPM to PPM (e.g., Benin and DRC) for oxygen plants and various health products.
- Finally, there is an ongoing exercise to realign C19RM investments with the changing pandemic context, national priorities and lessons learnt.

Clearly therefore the Global Fund feels confident that it can significantly increase C19RM expenditure for existing current resources  $\frac{3}{4}$  enough to warrant a funding application for new resources to the Pandemic Fund. Nonetheless, with the Seventh Replenishment Investment Case targets remaining unmet, meaning country resource levels barely maintained in GC7 and catalytic investments hard-hit, stakeholders will be watching closely to ensure that all C19RM funds are used as planned. Since, if this current trend continues, the voices requesting the reprogramming of C19RM funds to regular grants will become louder and more vociferous.

[Read More](#)

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