



Moving the needle on grant absorption: Insights from Africa's Global Fund implementing countries

December 2016

Since 2002, the Global Fund has invested \$30 billion to fight HIV/AIDS, tuberculosis and malaria. Some 65% of these investments have been directed to sub-Saharan Africa to date, yet weak national health systems mean that countries often cannot spend the full amount they budgeted to meet urgent health needs.

The Global Fund defines absorption as the percentage of actual expenditures compared to grant budget; or, simply, how much of the budgeted funds have been spent by a country.

When a country experiences low absorption of its Global Fund grant funds, it means that people in the country are not receiving life-saving prevention, diagnosis, and treatment services. Worse still, there is a pattern of low absorption in the very countries with the greatest need for Global Fund support, since it goes hand-in-hand with weak health systems.

Most low-absorbing countries are members of the two Africa constituencies of West & Central Africa (WCA) and East & Southern Africa (ESA). The constituencies jointly commissioned a series of related analyses on this topic in 2015-16. In tandem, two forums were convened by the Global Fund for WCA francophone countries to identify and implement solutions to unblock absorption bottlenecks in their countries. This brief compiles insights on challenges and promising approaches to address them, so that others might adapt approaches to their contexts.

Methods

Research was conducted from 2015 to 2016. Three data sources were used:

1. An online quantitative survey of 81 respondents in 10 francophone countries carried out in 2015. The survey gathered operational challenges to Global Fund program implementation
2. A June 2016 rapid assessment of progress against country action framework/plans presented based on self-reporting from 10 francophone countries who are currently implementing remedial actions to improve absorption
3. Qualitative case studies examining absorptive capacity in Burkina Faso and Zambia in 2016. Key informant interviews were carried out among Country Coordinating Mechanism (CCM) members. Burkina Faso was selected because of its involvement in the absorption forums. Zambia did not attend these forums, and was selected because of its positive experiences implementing Global Fund grants, making it a potential model of best practice.

Key Findings

Survey results: Country perceptions of absorptive capacity

Because the Global Fund does not make public actual country absorption rates, we asked respondents to report their perception of their country's absorption capacity. Aside from a few who were optimistic, they were evenly split:

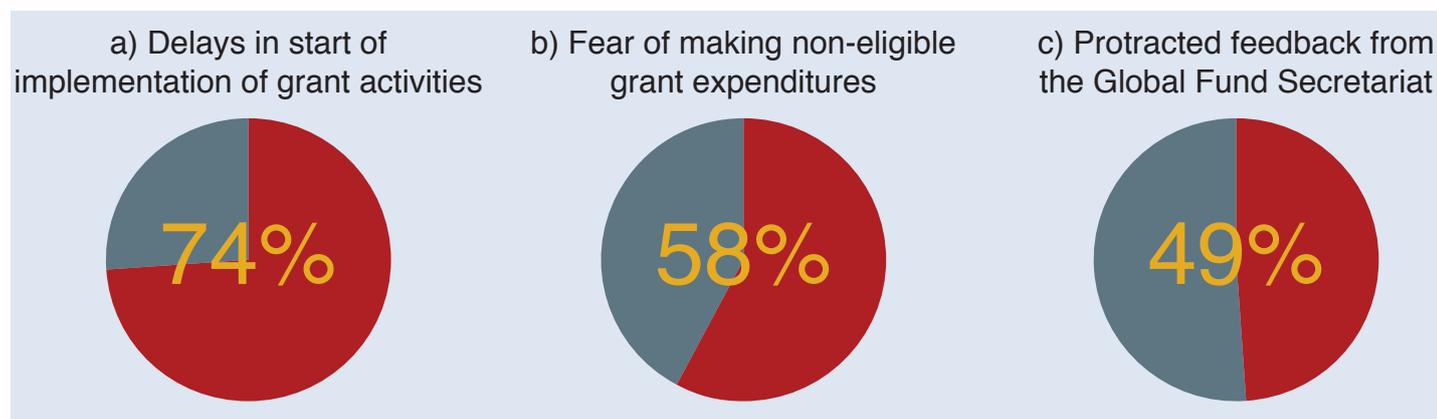
- Less than 5% of those surveyed perceived their country absorptive capacity to be 'good'
- 47% said it was 'fair'
- 48% described their absorption as 'weak'

They reported the following reasons for low absorption:

a. Delays in start of implementation of grant activities (74%), which causes gaps and/or delays in delivery of health services

- b. Fear of making non-eligible grant expenditures (58%), which require countries to pay back when such expenses are made
- c. Protracted feedback from the Global Fund Secretariat (49%), which can temporarily suspend activities until issues are resolved
- d. Excessive bureaucracy at national level (49%)
- e. Delays in selection (i.e. vetting, recruitment and registration) of sub-recipients (SRs) by principal recipients (PRs) (29%), who are responsible for coordinating service delivery
- f. Low technical capacity of program implementers (27%) which negatively affects the quality and efficiency of health services

Figure 1: Reasons for low absorption:



Reflections from Burkina Faso and Zambia



The qualitative components of the research corroborate the survey findings, and identify CCMs – intended to be the backbone of country grant implementation and oversight—as a weak link in the Global Fund ecology. Procurement and supply chain challenges along with prohibitive national laws, policies and procedures were also repeatedly mentioned as factors limited full absorption.

Indeed, key informants agreed that CCM effectiveness is hindered by membership that is not representative. CCMs are intended to balance membership between government and non-government members, while also representing the communities affected by the three diseases.

In Zambia, key informants reported that the CCM is dominated by government, which led to protracted administrative processes delaying health program coordination. Informants said that CCM meetings are poorly attended, further limiting what can be accomplished.

Burkina Faso reported a troubling lack of technical expertise, both within the CCM and at PR and

SR levels. Such challenges severely hamper the ability of CCMs to carry out even their basic oversight functions.

Despite recent improvements, such as the Global Fund’s roll-out of a new pooled procurement online tool called wambo.org that brings price transparency and improved access to health commodity purchasing, procurement challenges persist. Survey results show that 63% of respondents report long wait times to receive drugs, diagnostics, and other essential commodities. Another 38% stated that the pooled procurement mechanism (PPM) is not well-aligned to national procurement policies.

Restrictive national government policies and laws make it difficult to introduce and roll out interventions that are seen as contentious by governments, echoing survey results of excessive bureaucracy hampering implementation.

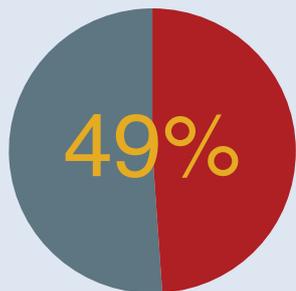
For instance, HIV prevention interventions targeting commercial sex workers are not well-received, as commercial sex in many settings is regarded as a criminal offence. Likewise, the Global Fund “Zero-Cash Policy” used to minimize risk of misuse of funds was reported to negatively impact absorptive capacity in countries where operational environments call for use of cash to support programmatic activities.

Country action plans aimed to navigate such obstacles were difficult to actualize. High-level engagement of policy stakeholders was reported to be particularly challenging as changes in key posts took place unexpectedly in health ministries, thus reducing likelihood of agreement and obtaining approvals over the three-year grant period.

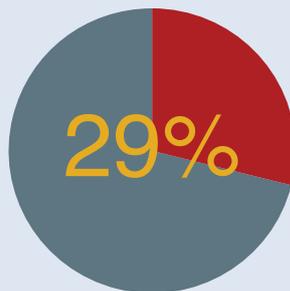
In Zambia, grant performance was reported to be exemplary, attributable to strong technical expertise of the PR. High geographic coverage of the PR made services widely available and easy to access. Proper alignment of the PR’s mandate with key priorities of the Ministry of Health’s National Health Strategy enhanced program implementation.

In contrast, reports from Burkina Faso suggest poor alignment between national priorities and its PR, resulting in slower-than-optimal implementation of HIV activities at community level. The poor alignment, again, is indicative of a weak CCM.

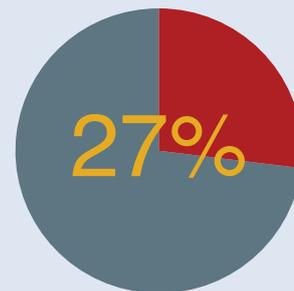
d) Excessive bureaucracy at national level



e) Delays in selection of SRs by PRs



f) Low technical capacity of program implementers



Improvements in grant management & implementation

A rapid assessment of progress against 10 country action plans to unblock absorption bottlenecks resulted in promising initial results. Plans were developed by francophone countries from West and Central Africa. The actions and associated outputs are grouped into five categories below, where again the themes of CCM deficiencies and procurement and supply chain challenges emerge, with the addition of financial and risk management and data systems:

- 1. Leadership & Governance:** Four of 10 countries were able to reinvigorate CCMs, resulting in more cohesive structures that were more inclusive with increased participation. African constituencies could look to improved visibility and general awareness of the role and mandate of CCMs to improve support at ministry level for Global Fund programming. In addition, individual-level skills building for CCM members has potential to improve CCM performance and governance.
- 2. Operational Management:** Revision of Operations Manuals and other guiding documentation was done in eight of 10 countries, improving standardization in key processes, tools and activities. Countries know they must encourage CCMs to make PR selections earlier to lessen time-to-implementation lags. Key actions to improve quality control included creating dashboards to track PR and SR performance, and working closely with Local Fund Agents to identify potential program challenges in a timely manner to allow for course-correction. Finally, CCMs should work with government officials to ease bureaucracy, including restrictions on customs clearance and duty exemptions for Global Fund goods and services.
- 3. Supply Chain Management:** Action plans identified ways to reduce turnaround time for procurement of medical supplies, and to obtain duty exemptions for essential products. Many countries reported having started these processes. With support from the Global Fund, countries are using a logistical framework and accounting mechanism to support after-action reviews for improved coordination and information sharing among partners. They also expect to introduce analytical accounting to evaluate purchasing costs and improve future decision-making. Progress has yet to be reported against these actions.
- 4. Financial & Risk Management:** Countries reported new partnerships with financial institutions and increased use of alternative modes of payment to improve disbursement of funds. Ongoing activities include developing a system for periodic financial reporting to the Global Fund as part of progress tracking against an agreed upon budget threshold. To minimize risk, countries propose that the Global Fund clarify thresholds for re-allocation and exceptions.
- 5. Improving data systems:** There is a lack of current and available data for routine monitoring and evaluation of Global Fund programs, as well as to provide countries with health data to use to support grant applications. Databases need to reflect key health indicators at national and sub-national levels. Implementation of a national monitoring framework within a line ministry would help in yearly progress tracking. Progress had yet to be tracked against activity.

Research limitations

Results represent the position and views of respondents from a subset of countries. While results are not generalizable, commonalities in country experiences allow recommendations to be considered across SSA.

Efforts to date

In addition to the action plans being implemented by countries, the Global Fund and its technical assistance partners have initiated efforts to help with navigation of structural issues that impede absorption. The Implementation through Partnership initiative (ITP) targets 20 implementing countries: 18 of which are in SSA. While the initiative ended in December 2016 with clear evidence of improvement in targeted countries, the Global Fund should elaborate on new plans to continue efforts to support improved absorption, and impact, of Global Fund investments.

Recommendations

The following recommendations have emerged from the research:

- Low absorption should not factor into determining country allocations levels. Countries with the weakest health systems – and thus the greatest need for investment – cannot have their allocations put at risk.
- Ensure that activities started under ITP are followed through, and tools and lessons learned are shared widely
- Pursue capacity-strengthening efforts for both CCMs and PRs
 - » Countries should fully support the planned changes to the Global Fund's business model that includes strengthening CCMs
- Investments in sustainable and resilient systems for health should be broadened
 - » Countries with low absorption should take advantage of catalytic funding to the extent possible to fund related improvements, especially around data systems

Research to action

In its statement from the November 2016 Global Fund Board meeting, the Africa Constituencies identified the following as priorities to address the perennial problems of low absorption capacity:

1. Improve Country Coordination Mechanism (CCM) capacity & performance

- A systematic assessment of the structure and fit of the CCMs should be conducted in recipient countries, to examine existing governance structures and ensure alignment with the envisaged oversight function of the CCM
- Encourage active engagement and collaboration with countries and the Global Fund Secretariat to address the deficiencies identified in the Global Fund Office of the Inspector General Audit of CCMs (2016)
- Implement recommendations that increase meaningful engagement of women and adolescents as CCM members, and reprioritize engagement of civil society and key populations
- Improve coordination and collaboration among Global Fund actors, both in-country and at the Secretariat. Actors include Local Fund Agents and national health entities (i.e. CCM, principal recipients and sub recipients).

2. Improve the procurement & supply chain management cycle

- Functional procurement and supply chain systems are critical determinants of health system efficiency, and directly affect absorption capacity. The Africa constituencies welcome the development of systems like wambo.org that do not displace national procurement systems, but rather seek to bolster their efficiency. However, there is need to accelerate uptake and expand supports for targeted procurement and supply chain improvements.
- Countries should consider readiness of existing procurement and supply chain systems for adaptability by conducting a rapid assessment to inform decisions on where specific investments are needed. Countries must lead all outreach and advocacy efforts to ease administrative procedures for better efficiency.

3. Build Principal Recipient (PR) capacity for improved absorption

- Efforts should focus on growing technical expertise

Conclusions

While this brief focuses primarily on in-country experiences, the Africa constituencies look to the Global Fund Secretariat to continue to provide technical assistance and support in the collaborative approach to improve absorption capacity.

Identifying bottlenecks is no longer enough. As countries are already demonstrating, real progress can be achieved in a series of small but meaningful actions to strengthen CCMs, PRs, and improve procurement and supply chain management.

