



# **Principal Recipient Handbook for Grant-making**

## 2023-2025 Allocation Period (GC7)

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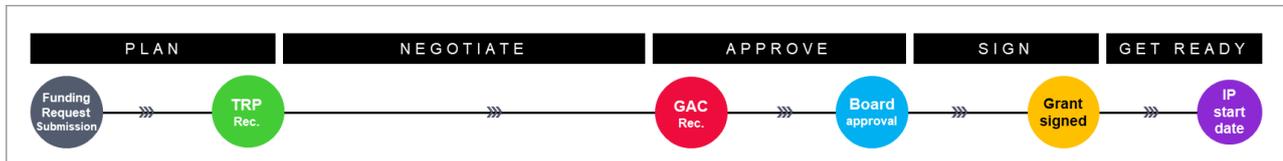
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# 1. INTRODUCTION

This handbook is intended for Principal Recipients (PRs) undertaking grant-making of Global Fund grants for the 2023-2025 allocation period (Grant Cycle 7). During grant-making, PRs, in-country partners, and Global Fund Country Teams (CTs) collaborate to translate funding requests into quality grants, including integrating recommendations from the Technical Review Panel (TRP) and the Grant Approvals Committee (GAC). During this period, critical aspects of the grant, such as the programmatic targets and budget, are negotiated and agreed before Global Fund Board approval and grant signing.

This document outlines the responsibilities of the PR during grant-making and highlights key considerations throughout the process. PRs are strongly encouraged to use this handbook as a guide to plan and prepare for each phase of grant-making, in order to sign high-quality grants that are ready to start on day one of the Implementation Period.

The handbook is structured according to the five phases of grant-making: Plan, Negotiate, Approve, Sign, and Get Ready. Additional annexes provide details on key resources, community engagement in grant implementation, and implementation readiness.



The detailed responsibilities of each actor during grant-making can be found in the [Operational Policy Note and Operational Procedures on Make, Approve and Sign Grants](#). While this handbook provides a comprehensive summary for planning and reference purposes, PRs are expected to read the full policy before starting grant-making. Additional resources are also available to guide and support PRs on the [grant-making page](#) of the Global Fund website.

## 1.1 Key Terms and Definitions

### Partner Portal

The Global Fund Partner Portal is an online platform for information and document sharing and submission. Critical grant-making engagements between PRs and the Global Fund Secretariat are enabled through the Partner Portal. PRs receive grant-making forms/templates and submit their final grant documents through the Portal, receiving progress notifications across key grant-making milestones.

### Grant Entity Data

Grant Entity Data (GED) includes PR organization and contact data and information required to successfully process grant documentation and disbursements. The Global Fund uses validated GED to enable Partner Portal access for PRs, Country Coordinating Mechanism (CCM) and Local Fund Agent (LFA) staff so they can obtain, edit and submit core grant-making documents. It is therefore crucial that accurate information is provided and/or updated. For more information on GED, see [section 2.4](#).

## Disbursement-ready grant

At the end of the negotiation phase, “disbursement-ready” grants are submitted for GAC recommendation and Board approval.

Disbursement readiness is achieved when:

- i All grant documents required for GAC recommendation are final and agreed by the CT and the PR.
- ii Issues identified by the TRP that need to be addressed during grant-making have been resolved to the satisfaction of the TRP and/or the Global Fund Secretariat (where delegated).
- iii Issues identified by the CT that need to be addressed prior to the release of the first annual funding decision and disbursement are resolved.
- iv Residual risks have been identified and prioritized, with actions and controls defined to mitigate each risk to an acceptable level.

## Implementation-ready grant

Grants must be “implementation-ready” at the Implementation Period start date.

Achieving implementation readiness is required for High Impact and Core portfolios, and it is a best practice for Focused portfolios. It is achieved when: (i) a disbursement-ready grant has been approved and fully signed at least one month and ideally two months before the Implementation Period start date; and (ii) the PR can begin implementing grant activities immediately on the Implementation Period start date.

PRs initiate and complete the following activities as soon as possible, so contracts can be signed immediately following Global Fund Board grant approval. The PR reports the completion of the approved terms of reference (ToR), Request for Proposals (RFP) (as applicable), selection and contracts of selected parties to the Global Fund, for CT validation.

- ▶ **Early selection and contracting of PR human resources:** The PR defines the staffing structure, prepares ToR and launches the recruitment processes.

Continuing PRs can update existing ToR and extend contracts of well-performing human resources into the next Implementation Period.

- ▶ **Early selection and contracting of sub-recipients:** The PR prepares the ToR and select the sub-recipients; the sub-recipient selection needs to be transparent and well-documented based, among other criteria, on approved ToR, capacity assessment and integrity due diligence.

To maximize grant effectiveness for communities most affected by HIV, TB, and malaria, including key and vulnerable populations, PRs are encouraged to select community-based organizations (CBOs)/community-led organizations (CLOs)<sup>1</sup> with appropriate capacity and expertise (see [section 2.5](#) below, and Annex 4 on Global Fund Implementers in the [OPN on Design and Review Funding Requests](#)), including through the use of results-based contracting arrangements (see the Payment for Results section in the [Guidelines for Grant Budgeting](#)).

- ▶ **Early selection and contracting of suppliers for health products and critical services for year one:**

Through the PR’s own processes, the PR selects suppliers with approved ToR as soon as



<sup>1</sup> **CBOs:** Organizations that operate in community settings or locations. They are often organizations that have arisen from a community in response to particular needs or challenges.

**CLOs:** Organizations that are governed, led and staffed by people who are experienced and affiliated with the communities being served or intended to benefit from the organization’s work.

possible. Where recurrent procurement activities are anticipated, it is recommended for contracts to cover the duration of the Implementation Period.

For procurement through the Pooled Procurement Mechanism (PPM) the [OPN on PPM](#) applies. The PPM purchase requisition is initiated by the PR immediately after grant-signing and is approved by the Global Fund by the Implementation Period start date. If the PPM purchase requisition needs to be initiated prior to grant-signing, the Advance Procurement mechanism process in the [OPN on PPM](#) is followed.

- **Agreed implementation work plan for Implementation Period year one:** In consultation with the CT, the PR develops an implementation work plan as early as possible during grant-making and finalizes it prior to the Implementation Period start date. This includes fully defined implementation arrangements for the first year of implementation, which details the planned activities, timelines and assigned responsibilities to deliver the agreed targets in the Performance Framework and in line with the Detailed Budget. Annex 1 of the [Operational Procedures on Oversee Implementation and Monitor Performance](#) provides best practice guidance on implementation work plans. An implementation work plan is not required for Focused portfolios.

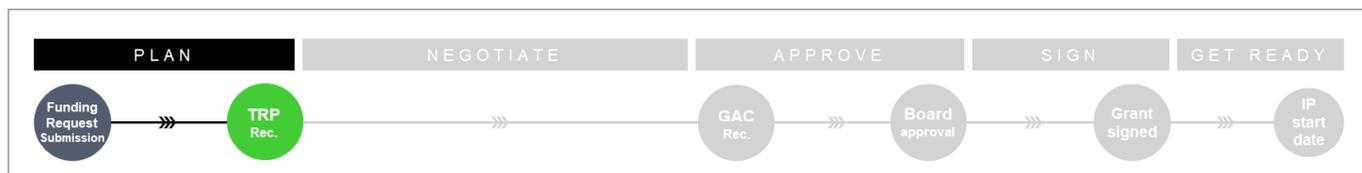
The PR takes the necessary steps to ensure key elements such as tax exemptions, insurance and/or relevant registrations to implement activities in the country are completed prior to the Implementation Period start date.

There is a check-in at the end of each section of this handbook to help PRs plan and consider critical actions to achieve implementation readiness.

Disbursement and implementation readiness facilitate the timely implementation of grant activities from the Implementation Period start date and ensure continuity of grant activities across Implementation Periods.

## 1.2 List of Abbreviations

<b>CBO</b>	community-based organization	<b>IP</b>	Implementaion Period
<b>CCM</b>	Country Coordinating Mechanism	<b>OPN</b>	Operational Policy Note
<b>CLO</b>	community-led organization	<b>PPM</b>	Pooled Procurement Mechanism
<b>CSS</b>	community systems strengthening	<b>PR</b>	Principal Recipient
<b>CT</b>	Country Team	<b>RFP</b>	Request for Proposals
<b>GAC</b>	Grant Approvals Committee	<b>ToR</b>	Terms of Reference
<b>GC7</b>	Grant Cycle 7	<b>TRP</b>	Technical Review Panel
<b>GED</b>	Grant Entity Data	<b>UQD</b>	Unfunded Quality Demand
<b>HPMT</b>	Health Product Management Template		



## 2. PLAN

The planning phase begins before the submission of the funding request to the TRP. PRs and CTs agree on timelines and deliverables and the PR confirms if additional human resources are needed to support grant-making. The PR, CCM and LFA complete their relevant GED (see [section 2.4](#)). The CCM is generally encouraged to advance grant-making by engaging the PR early as part of the funding request development.

**Advanced grant-making:** When the nominated PR is involved during the funding request stage to develop a Performance Framework, Detailed Budget and the Health Product Management Template (HPMT) with a grant-making level of detail. This allows PRs to have more time during grant-making to prepare for implementation. This is recommended when the PR is continuing or when the funding request type is Program Continuation.

### Agree on deliverables and timelines

During the funding request stage, the CCM, PR and CT work together to plan the funding request and grant-making stages in an integrated manner. This ensures timely grant-making, with the grant being signed at least one month and ideally two months before the targeted Implementation Period start date. At the beginning of grant-making, the CT, PR, CCM and LFA update timelines to complete grant-making deliverables based on the TRP-recommended funding.

The PR is required to initiate the preparation of grant-making deliverables as early as possible at the funding request stage (if the CCM has formally nominated the PR, following their open and transparent PR selection process, [CCM Eligibility Requirement 2](#)).

PR activities include:

- Provide supporting documents requested by the LFA to complete the PR capacity assessment (if applicable).
- Finalize the Performance Framework.
- Finalize the Detailed and Summary Budget.
- Finalize the HPMT (if applicable).
- Update or develop a new Implementation Arrangements Map.
- Update the Programmatic Gap Table(s) (if applicable).
- Update the Funding Landscape Table (if applicable).
- Complete Grant Entity Data.
- Develop the Monitoring and Evaluation Plan.
- Address TRP issues (if applicable).
- Identify and mitigate residual risks.
- Agree on audit arrangements.
- Apply for Advance Payment (if applicable).
- Initiate Implementation Period reconciliation or grant closure.
- Work with the CCM to obtain the Co-financing Letter.
- Plan to achieve implementation readiness.

**Critical grant-making engagements between the PR and the Global Fund Secretariat are enabled through the Partner Portal.**

See [Section 3](#) for more information on the negotiation and finalization of grant deliverables.

## 2.1 Facilitate the Completion of the Capacity Assessment

The PR capacity assessment is completed by the LFA at the funding request stage so that the nominated PRs are confirmed and accepted by the Global Fund in time for grant-making. A capacity assessment is required for:

- i. All new PRs who have not previously implemented a grant for the disease component.
- ii. Existing PRs who will be implementing new activities for which their capacity has not been previously assessed.

In addition, a CT may conduct a capacity assessment for an existing PR or select sub-recipients when necessary to manage risks.

If an assessment is required, the PR needs to provide all supporting documentation requested by the LFA as soon as possible so that the assessment can be completed in a timely manner.

## 2.2 Confirm Resourcing

The PR defines resources required to support grant-making activities.

**For continuing PRs:** Implementation activities for the current Implementation Period will overlap with grant-making activities for the next Implementation Period. If additional resources are required, the PR discusses whether funds from existing grants can be made available through a grant revision (see [OPN on Grant Revisions](#)).

**For new PRs:** The CT and PR determine whether resources are required for PR capacity building and/or start-up activities and apply for advance payment (see [section 3.5](#)).

## 2.3 Complete Grant Entity Data

PRs are required to: (i) provide accurate Grant Entity Data (GED); or (ii) update GED as soon as possible. The table below shows the type of GED required for grant-making and the timelines for this to be complete:

Type of GED	Action to take	Timeline
<b>Organization information</b> Containing official name, organization type, and address of the organization.	Create or update PR organization and contact details.	Initiated during the funding request, if a PR has been nominated. Due as soon as possible after TRP submission.
<b>Editor and submitter</b> Contacts with grant deliverables access rights for the Partner Portal.	Assign PR editor and submitter roles to ensure PR can access and submit grant-making documents in the Partner Portal.	Immediately following Implementation Period creation (PR will be notified by the Global Fund when this has been done).
<b>Organization representative for notices</b> Representatives to receive notices regarding contractual matters and/or grant or	Assign PR organization representative for legal notices.	As early as possible during grant negotiations.

portfolio-specific correspondence.		
<b>Signatories</b> Authorized signatories for legally binding documents and/or disbursement requests.	Assign PR signatories.	As early as possible during grant negotiations.
<b>Banking information</b> Containing the bank account details, including name, address, account holder name and routing requirements.	Add and/or update PR banking information.	

## 2.4 Engage Communities and Civil Society During Grant-making

Country dialogue continues during grant-making and implementation through the CCM. In this context, the PR engages community and civil society representatives in the design, implementation and oversight of grants to achieve program outcomes and ensure effective disease responses.

The PR also uses the Funding Priorities of Civil Society and Communities annex from the funding request submission to inform grant-making and grant design.

One example of meaningful engagement is through CCM meetings: The CCM is required to convene at least two meetings during grant-making for the PR to brief and receive feedback from the CCM, including from community and civil society representatives, on (i) key elements of the grant; (ii) insights on the funding priorities of civil society and communities submitted as inputs to grant-making; and (iii) plans for CBO/CLO involvement in grant implementation.



### Engage community-based and community-led organizations in grant implementation

The [Global Fund Strategy \(2023-2028\)](#) emphasizes the importance of leveraging the experience and expertise of communities living with and affected by HIV, TB and malaria throughout the grant life cycle. During grant implementation, the engagement of CBO/CLOs is considered essential for ensuring Global Fund-supported activities advance the partnership’s strategic objectives and support the achievement of the [global goals](#).

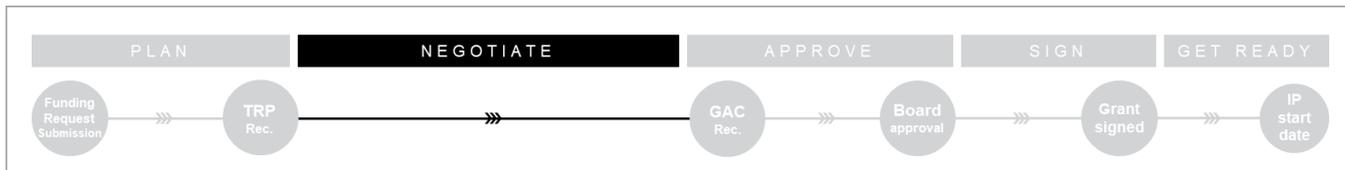
CBO/CLOs are well-placed to deliver comprehensive, people-centered health services, particularly for key and vulnerable populations. PRs are therefore strongly encouraged to deepen their engagement and partnership with these organizations in the delivery of grant-supported programs and services in Grant Cycle 7 (GC7).

For more information on how to engage CBO/CLOs as implementing partners, see [Annex 2](#).



## Implementation readiness check-in

- ▶ During the funding request stage, PRs may be requested by the CCM to advance grant-making activities (if applicable).
- ▶ **Human resources:**
  - ✓ Determine the PR human resources needs for grant-making.
  - ✓ Define and/or update the PR staffing structure for the upcoming Implementation Period.
  - ✓ For continuing PRs: In cases where the PR requires additional human resources to support grant-making, funds from the existing grants may be used, subject to Global Fund approval and processed through a grant revision.
  - ✓ For new PRs: If resources are required for PR capacity building and start-up activities, discuss with CT to secure appropriate funding.
- ▶ **Sub-recipients:**
  - ✓ Determine scope and profile of sub-recipients to meet the implementation needs.
- ▶ **Suppliers:**
  - ✓ Identify health product and critical service needs for Year 1 (Y1).
- ▶ **Admin:**
  - ✓ Apply for relevant registrations to implement activities in-country.
  - ✓ Apply for tax exemptions, if necessary.



### 3. NEGOTIATE

During the negotiation phase, the PR and the Global Fund Secretariat agree on the grant document content, which is submitted to the GAC for review and Board approval. Grants need to be [disbursement-ready](#) for GAC review and recommendation. Simultaneously, the PR continues work to ensure [implementation readiness](#) at the Implementation Period start date.

During this phase, the PR is expected to integrate the new [Global Fund Strategy \(2023-2028\)](#) into effective grant design, including investments that:

- Strengthen community engagement (see [section 2.5](#) above).
- Support program essentials, prioritized by the CCM during the funding request stage.
- Increase access to timely, quality and disaggregated data and enhance data collection, data quality and analytical capacity.
- Focus on long term health systems and pandemic preparedness strengthening.
- Advance health equity, gender equality and human rights.

**PRs integrate the new Global Fund Strategy into effective grant design.**

#### 3.1 Finalize Grant Documents

The PR negotiates the grant documents with the CT using email and meetings to collaborate on different versions. The grant documents are aligned to the TRP-recommended funding request and the Global Fund Strategy, and are streamlined, accurate and clear to ensure quality and timely implementation, monitoring and reporting.

**Focused PRs use available flexibilities to streamline grant documents, such as Budget and Performance Frameworks.**

It is important that the core grant documents, such as the Performance Framework, Detailed and Summary Budgets, HPMT and Grant Confirmation, are consistent with one another, and that all documents are compliant with relevant Global Fund policies, guidelines, and template requirements.

Once agreed and finalized, the PR submits the following grant documents to the Global Fund for review and approval, via the Partner Portal (see [Annex 2](#) of the [OPN on Make, Approve and Sign Grants](#) for the requirement levels by portfolio category).

Grant-making document	Guidance and resources
Performance Framework	+ <a href="#">Modular Framework Handbook</a>
Detailed and Summary Budget	+ <a href="#">Instructions for Completing the Detailed Budget Template</a> + <a href="#">Guidelines for Grant Budgeting</a>

Health Products Management Template (HPMT)	+ <a href="#">Instructions on the HPMT</a>
List of Program Assets	The list contains assets to be transferred from the current to the next Implementation Period; it is submitted at the same time as the Detailed and Summary Budget, since it is used as an input to the review of the grant-making Budget and HPMT. + <a href="#">OPN and Procedures on IP Reconciliation and Grant Closures</a>
New or Updated Implementation Arrangements Map	The Implementation Arrangements Map is updated as the grant design is being completed and sub-recipients are selected. + <a href="#">Instructions on Implementation Arrangement Mapping</a>
Programmatic Gap Table(s)	Only required if updated from funding request.
Funding Landscape Table	Only required if updated from funding request.
Updated Monitoring and Evaluation Plan (if applicable)	Finalization and submission prior to grant signing. + <a href="#">Programmatic Monitoring for Grants</a>

**Reinvesting efficiencies.** If efficiencies are identified during grant-making, the PR can reinvest them into the grant to expand on approved activities within the allocation and/or to fund activities placed on the Register of Unfunded Quality Demand (UQD).

- **UQD activities:** UQD activities of the equivalent budget amount can be included in the Detailed Budget (see [Instructions for Completing the Detailed Budget Template](#)).
- **New activities or increased amounts:** The inclusion of new activities that are not on the UQD register or the increase of budgeted amounts for interventions/activities that are already on the UQD register require the CCM to submit a Prioritized Above Allocation Request (PAAR) update for TRP review (see Annex 5 of the [OPN on Design and Review of Funding Requests](#)).
- **Foreign exchange:** The reinvestment of foreign exchange savings during grant-making is subject to the [Guidelines for Grant Budgeting](#).

### 3.2 Address TRP Issues

The PR collaborates with the CCM and CT to ensure TRP issues and actions to be addressed during grant-making are completed and reflected in the final grant documents. The CT reports the issue and action completion status to the GAC.

### 3.3 Identify Residual Risks and Mitigating Actions

Key risks and capacity gaps need to be addressed as part of the grant design. The initial risk assessment performed during the funding request stage is further developed during grant-making, based on the PR capacity assessment performed (if applicable), known risks and gaps (if applicable), and a review of grant documents. The PR incorporates mitigating actions into the grant design to address any major challenges and address risks to sustainability and transition (especially for PRs of upper middle-income countries and lower middle-income countries with “not high” disease burdens).

The CT reports key residual risks, capacity gaps and mitigating actions to the GAC. These are translated into (i) legally binding grant requirements in the Grant Confirmation; and (ii)

management actions that are communicated to the PR in a Performance Letter upon completion of grant-making and monitored throughout implementation.

### 3.4 Agree on Audit Arrangements

The CT and PR agree on audit arrangements such as the type and scope of audit, and the overall approach to selection and approval of the auditor. The auditor is selected following the timelines defined in the [Guidelines for Annual Audit of Global Fund Grants](#), and must be finalized prior to grant signature.

### 3.5 Apply for Advance Payment

If additional resources are needed to support grant-making activities, certain expenditures may be financed through advanced payments prior to the signing of the Grant Confirmation, subject to the conditions detailed in Annex 3 of the [OPN on Make, Approve and Sign Grants](#). Advance payments are limited to two types of activities with distinct eligibility requirements: (i) capacity building and start-up activities; and (ii) health product procurement.

If these advance payments are not available (due to ineligibility), limited activities may be financed by the PR based on exceptional Global Fund approval (see Annex 3 of the OPN for more details). Advance payments are used on an exceptional, last-resort basis only.

### 3.6 Plan for Implementation Period Reconciliation or Grant Closure

For PRs that have existing grants in the current grant cycle, the PR initiates the reconciliation of the Implementation Period (IP) or grant closure process for expiring grants at least six months in advance of the current Implementation Period end date. This happens in parallel to the grant-making activities. Budgeting for the next IP considers existing Program Assets that will be transferred from the current IP to the next.

**For IP reconciliation and grant consolidation:** The PR submits the List of Program Assets to be transferred to the next IP at the same time as the Detailed Budget (developed during grant-making) for the next IP.

**For outgoing PRs:** The PR submits the List of Program Assets and Transfer Plan under the current grant no later than three months prior to the IP end date (see [Operational Procedures on Implementation Period Reconciliation and Grant Closure](#)). During grant-making, the list is used by the incoming PR as an input to the budget for the new grant.

The final verification and transfer of Program Assets must be completed within six months from the end date of the closing IP.



The List of Assets that will be transferred from the current IP is a key input into the Budget of the new IP/grant.



## Implementation readiness check-in

▶ **Human Resources:**

- ✓ Finalize or update existing ToR for required staff.

▶ **Sub-recipients:**

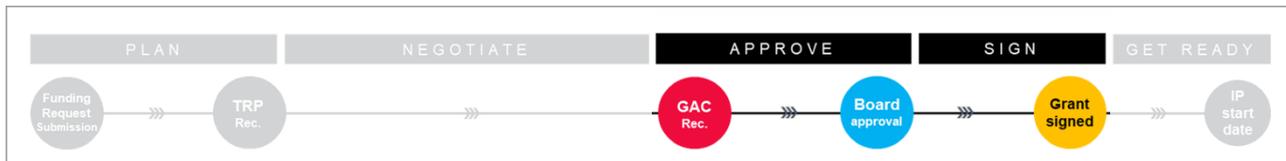
- ✓ Finalize the sub-recipient ToR, in alignment with key grant documents (e.g., Detailed Budget, Performance Framework, Implementation Arrangements Map).

▶ **Suppliers:**

- ✓ Procurement through the PR's own processes: Prepare ToR and finalize RFP for health products and critical services procurement.
- ✓ Procurement through the PPM: Refer to the OPN on PPM for requirements and timelines. If the PPM needs to be initiated prior to grant-signing, discuss with CT to secure appropriate funding.

▶ **Work Plan:**

- ✓ Develop the skeleton Work Plan for Year 1, which details timelines and assigned responsibilities to deliver agreed targets in the Performance Framework and in line with the Detailed Budget and the draft implementation arrangements map.



## 4. APPROVE AND SIGN

During the approve and sign phases, the CT submits the final grant documents to the GAC for its review and recommendation, after which they are sent to the Board for approval. Typically, the GAC recommends the release of the Grant Confirmation for PR signature and CCM acknowledgment, contingent to Board approval.

**The Grant Confirmation can be signed by PR upon GAC recommendation, contingent to Board approval.**

### 4.1 Sign Grant Confirmation

The Grant Confirmation regulates the specific terms of the grant being signed, summarizes the grant objectives and formalizes the negotiated Performance Framework and Budget. Together with the Framework Agreement (if applicable), the Grant Confirmation forms the basis of the contractual obligations between the Global Fund and the PR. A Grant Confirmation is signed for each Implementation Period. This signature is completed as soon as possible and at least one month and ideally two months before the Implementation Period start date to ensure implementation readiness.

**PR signature:** If released by the GAC, the authorized PR representative signs the Grant Confirmation and the CCM Chair and CCM representative sign the acknowledgement after the GAC recommendation (contingent to Board approval). Otherwise, the signature process happens after Board approval. The PR facilitates the signature process in-country so that it is completed in time for the Board approval of the grant.

**Global Fund counter-signature:** The Global Fund signs the Grant Confirmation upon Board approval. The Grant Confirmation will only come into effect after Board approval and Global Fund counter-signature.



## Implementation readiness check-in

### ► **Human resources:**

- ✓ Recruit and select required staff against approved ToR.\*
- ✓ Assess if staff contracts can be signed earlier with adequate conditionality pending Global Fund Board approval of the grant and if local laws and PR procedures allow.

### ► **Sub-recipients:**

- ✓ Select sub-recipients per organizational competitive processes and against approved ToR.\*
- ✓ PRs are encouraged to select CBO/CLOs with appropriate capacity and expertise (see [Annex 2](#)).
- ✓ Capture selected sub-recipients with full legal names in the Implementation Arrangements Map and in the Detailed Budget.

### ► **Suppliers:**

- ✓ Issue RFP and select suppliers for Year 1 against approved RFP.\*
- ✓ Where recurrent procurement activities are anticipated, it is strongly recommended for contracts to cover the duration of the Implementation Period for efficiency purposes.
- ✓ Initiate the PPM requisition immediately upon grant signing and ensure approval prior to the Implementation Period start.

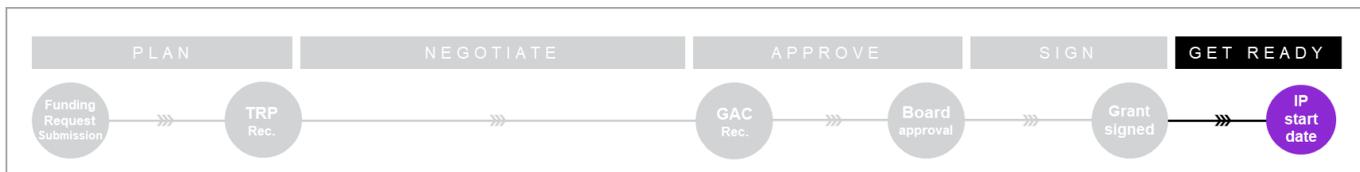
### ► **Work Plan:**

- ✓ Discuss and finalize Year 1 Work Plan with identified/selected sub-recipients.

### ► **Admin:**

- ✓ Confirm relevant registrations to implement activities in-country and tax exemptions have been obtained, if necessary.

*\*The Global Fund does not require a competitive re-selection of human resources, sub-recipients and suppliers (for PRs procuring through their own processes) for each Implementation Period. Re-selection must comply with applicable Global Fund policies and regulations.*



## 5. GET READY

Following the signature of the Grant Confirmation, the PR and CT continue to collaborate to ensure implementation readiness before the Implementation Period start date. The PR must ensure that all contracts for PR human resources, sub-recipients and suppliers of health products agreements have been signed, and that the implementation Work Plan for Year 1 of the Implementation Period has been finalized and agreed upon, so that activities can start on day one.



### 5.1 Implementation Readiness Assessment

**For High Impact and Core portfolios:** Within 1.5 months of the implementation start date, the LFA performs an Implementation Readiness Assessment to confirm whether the PR has met the implementation readiness criteria at the Implementation Period start date. The PR facilitates this review to ensure it is completed in a timely manner. If implementation readiness is not achieved, the PR works with the CT to define time-bound management actions for each grant to address the outstanding issues.

	<b>Implementation readiness check-in</b>
<p>▶ <b>Human resources, sub-recipients and suppliers:</b></p> <ul style="list-style-type: none"> <li>✓ Sign contracts prior to the Implementation Period start date, and as early as possible.</li> </ul>	

## Annex 1: Key Reference Documents

- [Operational Policy Manual](#):
  - OPN and Operational Procedures on Design and Review Funding Requests
  - OPN and Operational Procedures on Make, Approve and Sign Grants
  - OPN and Operational Procedures on Grant Entity Data
  - OPN on Co-financing
  - OPN on Grant Revisions
  - OPN and Operational Procedures on Pooled Procurement Mechanism
  - OPN and Operational Procedures on Risk Management
- [Sustainability, Transition and Co-Financing Policy](#)
- [Sustainability, Transition and Co-Financing Guidance Note](#)
- [Modular Framework Handbook](#)
- [Instructions for Completing the Detailed Budget Template](#)
- [Guidelines for Grant Budgeting](#)
- [Instructions on the HPMT](#)
- [Instructions on Implementation Arrangement Mapping](#)
- [Guidelines for Annual Audit of Global Fund Grants](#)
- Global Fund website:
  - [Grant-making page](#)
  - [Programmatic Monitoring for Grants](#)
  - [Partner Portal](#)

## **Annex 2: Guide to Engaging Community-based and Community-led Organizations in Grant Implementation**

The [Global Fund Strategy \(2023-2028\)](#) emphasizes the importance of leveraging the experience and expertise of communities living with and affected by HIV, TB and malaria throughout the grant life cycle. During grant implementation, the engagement of CBO/CLOs is considered essential for ensuring Global Fund-supported activities advance the partnership's strategic objectives and support the achievement of the [global goals](#).

CBO/CLOs are well-placed to deliver comprehensive, people-centered health services, particularly for key and vulnerable populations. PRs are therefore strongly encouraged to deepen their engagement and partnership with these organizations in the delivery of grant-supported programs and services in GC7.

### **Why engage CBO/CLOs in program and service delivery?**

CBOs and CLOs are embedded in the communities that Global Fund grants intend to reach. As implementers, CBOs and CLOs have an unparalleled understanding of the needs of priority populations, the challenges they face in accessing and using services, their preferences for service modalities and platforms, and the acceptability of different service delivery approaches. CBOs and CLOs are well positioned to:

- Connect with their constituent communities to identify beneficiaries not yet accessing services.
- Provide differentiated services to meet the complex and diverse needs of different groups, often acting as innovators in the process.
- Foster stronger community understanding of new interventions.
- Mobilize demand for services and interventions.

CBOs, and particularly CLOs, are more likely to be viewed as trusted partners of communities. Such trust is vital for appropriately engaging marginalized groups who may be underserved by the formal health system, or even explicitly excluded from it. In contexts where stigma, discrimination, criminalization and other forms of exclusion are prevalent, grant activities led by CBO/CLOs may be the most viable means for extending vital health services to key and vulnerable populations.

For additional information on specific interventions and activities that CBO/CLOs are especially well placed to undertake, please refer to the Global Fund's [technical information notes, technical briefs and technical guidance documents](#).

## When to engage CBO/CLOs in program and service delivery

CBO/CLOs have demonstrated their ability to implement a wide range of activities in an equally wide range of contexts. However, there are five specific programmatic contexts where the Global Fund considers the engagement of CBO/CLOs in program and service delivery to be especially impactful:

1. When **differentiated service delivery** approaches are advantageous.
2. When improving access and outcomes for **marginalized sub-populations** is an objective (including key populations).
3. When **introducing or scaling up** new products or service-delivery approaches.
4. When seeking to safeguard **human rights** and reduce human rights and gender-related barriers to services.
5. When seeking to strengthen underlying **community systems**.

### Finding the right “mix” of partners

- Successful grant implementation relies on the engagement of a range of diverse partners.
- It is unlikely that any single implementer ‘type’ will be optimally positioned to achieve the best results for every activity of a grant.
- Grant implementation requires a mix of partners and implementer types, each leveraging their respective strengths and strategic advantages to meet the varied needs and objectives of grants.

### Community-driven efforts to scale up new innovations: Pre-exposure prophylaxis (PrEP)

Efforts to introduce and scale up PrEP provide a helpful example for the numerous ways CBO/CLOs can and should be engaged to achieve programmatic impact. For example, increasing PrEP uptake among sex workers may be an important activity for improving HIV prevention outcomes in certain countries. However, this can be a challenge in areas where this medication has not yet been introduced. A sex worker-led organization in these areas may be ideally placed to: (i) gauge the community’s understanding of and interest in PrEP; (ii) identify what form of PrEP delivery is most acceptable to members (e.g., oral PrEP vs. the dapivirine vaginal ring vs. injectable PrEP (CAB-LA), community-based delivery vs. facility-based delivery); (iii) mobilize community demand for PrEP; (iv) gain vital insight into and develop strategies to overcome human rights and gender-related barriers to PrEP initiation and adherence (e.g., gender-based violence); and (v) implement differentiated peer-led approaches to delivering commodities and supporting adherence.

## What to consider when contracting CBO/CLOs in program and service delivery

The relative organizational capacity of CBO/CLOs exists on a spectrum. In each context, large, formally registered organizations with significant programmatic reach and strong financial management capacity may exist alongside several small, unregistered groups. These groups might have more limited administrative and financial management capacity, but they are able to successfully deliver services to highly marginalized groups. Organizations at both ends of the spectrum have proven vital to the implementation of grant-supported activities.

Which organizations are engaged to undertake specific activities and what specific approaches are taken to contracting with them ultimately needs to be guided by individual programmatic objectives,

local context, an understanding of potential risks and how they can be mitigated, and the specific needs of the communities the grant intends to support. For example, with respect to programmatic objectives, PRs are expected to consider, among other factors, what specific populations they are attempting to extend services to; the current level of knowledge, acceptability and demand for those services in the community; the level of trust required between service providers and the community for implementation to be successful; and how the current legal, social and/or political environment may be affecting the safety and security of community members. Similarly, with respect to program management, PRs need to consider potential implementing partners' financial management capacity, as well as their ability to undertake the appropriate level of programmatic monitoring, oversight and results reporting.

To assist in striking the right balance between engaging the organizations with the greatest potential to deliver strong programmatic results and mitigating potential risk, PRs are encouraged to explore payment for results arrangements. Payment for results may be an especially effective approach when engaging small or new CBO/CLOs that possess a clear strategic advantage in delivering services, but whose internal management capacity is not yet optimal. The Global Fund's [Operational Guidance for Grant Budgeting](#) highlights different types of payment for results arrangements, including results-based financing, activity-based contracting, and performance/task-based incentives, and includes specific guidance on related finance requirements.

#### Payment for results

- An innovative approach that can be considered for contracting organizations in implementation.
- Can provide a means for direct support for even the smallest organizations.
- May mitigate risks associated with contracting organizations with limited capacity.

PRs are also encouraged to actively explore opportunities to leverage investments in community systems strengthening (CSS) to build the organizational capacity of CBO/CLOs engaged in service delivery. Facilitating this synergy between CSS investments and the engagement of CBO/CLOs in grant-support service delivery is key to enhancing the delivery of community-based and -led interventions, as well as cultivating a sustainable network of well-capacitated implementing partners. The [Technical Brief on Community Systems Strengthening](#) summarizes key concepts and investment opportunities for CSS to support applicants and implementers.

To further support CBO/CLOs build their organizational capacity, the provision of technical assistance through the Global Fund's [Community Engagement Strategic Initiative](#) may be possible.

#### Best practice examples: Leveraging community systems strengthening investments to build implementer capacity

**Country X:** CSS investments focused on building CLO capacity, leading these organizations to become official sub-recipients (and sub-sub-recipients) contracted to implement activities to support human rights, CSS, and HIV and TB prevention, care and support interventions. As a result of these collective investments, the supported CLOs were able to apply for and successfully receive domestic public funding for their work.

**Country Y:** With technical assistance funding from the Global Fund's Community Engagement Strategic Initiative, the Global Network of Sex Work Projects (NSWP) supported a sex worker-led CLO to build its financial management capacity. The PR used grant savings to fund the CLO, focusing on gender-based violence prevention and redress. Though the current budget is small, the intent is to continue to actively support capacity building for the CLO to enable it to expand implementation with increased funding.

## **How to approach contracting CBO/CLOs in program and service delivery**

Global Fund PRs can take several approaches to contract CBOs and CLOs as implementers. Each approach has its own relative advantages and disadvantages. Below are two illustrative examples of approaches that PRs have successfully adopted in past grant cycles.

### **Illustrative approach A: The PR and/or sub-recipient selects small, informally organized groups embedded in the community.**

In many contexts and sub-geographies, there may not be a sufficient number of established, formally registered CBO/CLOs with the appropriate level of financial and management capacity to undertake grant-supported activities. However, from a programmatic perspective, community-based and community-led approaches may still be the most appropriate and impactful means to achieve strong outcomes.

Selecting such groups can be especially important for supporting grant activities that aim to provide HIV and/or TB services to key and other marginalized populations where difficult local conditions may have hindered the development of a robust network of formally registered CBO/CLOs.

#### **Potential advantages:**

- Delivers services that require substantial trust and shared confidentiality, particularly in contexts where stigma, discrimination and criminalization are prominent (e.g., HIV testing and counseling; gender-based violence services).
- Engages new clients, particularly the most marginalized or “difficult-to-reach” (e.g., finding missing people with TB).
- Addresses vital service gaps in sub-geographies where few existing or formally registered CBO/CLOs are present.

#### **Potential disadvantages:**

- Increases risk, though relative financial risk may be mitigated if multiple organizations are contracted or payment for results is adopted.
- Does not inherently include a capacity-building component, limiting sustainability and potential for supporting CSS.
- Requires mapping and careful capacity assessment by the PR/sub-recipient to identify viable groups.

### **Illustrative approach B: The PR contracts registered, structured organizations providing services at a large scale, or highly specialist niche services.**

A robust network of formally registered CBO/CLO implementers operating with relative autonomy may already exist in-country. This is likely to occur where financial resources may be more substantial and/or the legal environment is more supportive. The size, internal capacity and relative “formality” of these organizations may prove advantageous to grant implementation from both a programmatic and fiduciary perspective. Such organizations may be large or small and are typically contracted as sub-recipients or sub-sub-recipients.

Many of these organizations may not be community-led, but community-based. This may be appropriate to achieve grant objectives (e.g., increasing the scale and reach of selected interventions) and align with the realities on the ground (e.g., limited presence of CLOs with appropriate capacity). However, a potential trade-off may include relying too heavily on a single or small number of CBOs to implement activities that are more strategic for CLOs.

**Potential advantages:**

- A higher degree of demonstrated administrative, management, financial and monitoring and evaluation capacity, requiring less additional support from the PR.
- Well-positioned to address vital facility-based service gaps, reinforcing stronger links between community systems and the formal health system (e.g., multidrug-resistant TB hostels or clinics; gender-based violence response centers).
- Larger organizations may be well positioned to provide services at a significant scale.

**Potential disadvantages:**

- Larger organizations may not be optimally positioned to provide services to the most marginalized communities.
- May not be well embedded in the community and therefore less effective at understanding and meeting specific community needs or at gaining their trust.
- For smaller organizations, PR support is likely still required to ensure accurate financial accounting and reporting as well as programmatic/activity reporting, and monitoring and evaluation. The overall level of support may be considerable if many small organizations are contracted.

## Annex 3: Implementation Readiness Activities

Implementation readiness activities	Grant-making phases			
	Plan	Negotiate	Approve and Sign	Get Ready
<b>Human resources</b>	<p>Determine the PR human resources needs for grant-making.</p> <p>Define and/or update the PR staffing structure for the upcoming Implementation Period.</p> <p><u>For continuing PRs:</u> In cases where the PR requires additional human resources to support grant-making, funds from the existing grants may be used subject to Global Fund approval and processed through a grant revision.</p> <p><u>For new PRs:</u> If resources are required for PR capacity building and start-up activities, discuss with CT to secure appropriate funding.</p>	<p>Finalize or update existing ToR for required staff.</p>	<p>Recruit and select required staff against approved ToR.</p> <p>Assess if staff contracts can be signed earlier with adequate conditionality pending Global Fund Board approval of the grant and if local laws and PR procedures allow.</p>	<p>Sign staff contracts prior to the Implementation Period start date, as early as possible.</p>

Implementation readiness activities	Plan	Negotiate	Approve and Sign	Get Ready
<b>Sub-recipients</b>	Determine scope and profile of sub-recipients to meet the implementation needs.	Finalize the sub-recipient ToR, in alignment with key grant documents (e.g., Implementation Arrangements Map).	<p>Select sub-recipients per organizational competitive processes and against approved ToR. PRs are encouraged to select CLO/CBOs with appropriate capacity and expertise (See <a href="#">Annex 2</a>).</p> <p>Capture selected sub-recipients with full legal names in the Implementation Arrangements Map and in the Detailed Budget.</p>	Sign sub-recipient contracts prior to the Implementation Period start date, and as early as possible.
<b>Suppliers</b>	Identify health product and critical service needs for Year 1.	<p><u>Procurement through the PR's own processes:</u> Prepare ToR and finalize RFP for health products and critical services procurement.</p> <p><u>Procurement through the PPM:</u> Refer to the <a href="#">OPN on PPM</a> for requirements and timelines. If the PPM needs to be initiated prior to grant-signing, discuss with CT to secure appropriate funding.</p>	<p>Issue RFP and select suppliers for Year 1 against approved RFP.</p> <p>Where recurrent procurement activities are anticipated, it is strongly recommended for contracts to cover the duration of the Implementation Period for efficiency purposes.</p> <p>Initiate the PPM requisition immediately upon grant signing and ensure approval prior to the Implementation Period start.</p>	Sign supplier contracts and place orders prior to the Implementation Period start date.

*The Global Fund does not necessarily require a competitive re-selection of well-performing human resources, sub-recipients, and suppliers (for PRs procuring through their own processes) for each Implementation Period. The re-selection of human resources, sub-recipients and suppliers must comply with the Global Fund Grant Regulations, the Global Fund Policies on Procurement and Supply Management of Health Products and other applicable laws and regulations. Contracts for PR human resources, sub-recipients and suppliers must be consistent with relevant terms and conditions of the Grant Agreement.*

<b>Implementation readiness activities</b>	<b>Plan</b>	<b>Negotiate</b>	<b>Approve and Sign</b>	<b>Get Ready</b>
<b>Work Plan</b>		Develop the skeleton Work Plan for Year 1, which details timelines and assigned responsibilities to deliver agreed targets in the Performance Framework and in line with the Detailed Budget and the draft Implementation Arrangements Map.	Discuss and finalize Year 1 Work Plan with identified/selected sub-recipients.	
<b>Admin</b>	Apply for relevant registrations to implement activities in-country.  Apply for tax exemptions, if necessary.		Confirm relevant registrations to implement activities in-country and tax exemptions have been obtained, if necessary.	