

Operational Procedures

MAKE ANNUAL FUNDING AND DISBURSEMENT DECISIONS

Approved on: 11 August 2022, updated on 19 October 2023
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions and Support Department
Associated OPN: OPN on Annual Funding Decisions and Disbursements

Process Metrics for Annual Funding Decisions and Disbursements

PRs and Country Teams are expected to meet the following key performance indicators:

- 85% budget utilization of the first year of implementation, reported at end-June/end-December;
- 94% budget utilization, reported in end-June/end-December¹;
- 90% disbursement utilization, reported in end-March/end-September;
- AFD Notification Letter sent by CT within 15 days² of AFD approval; and
- Disbursement Notification Letter sent by CT within 15 days of release of the disbursement.

Purpose and Overview

1. This document provides procedural guidance on the annual funding decision (AFD) and disbursement process and applies to grants financed during the 2020-2022 funding cycle and onwards. More detailed procedural guidance is provided in the RACI document (Annex 2).
2. The requirements for specific grant deliverables set out in these procedures do not apply to Focused portfolios, unless explicitly stated (see also Annex 2 of the Operational Policy Note on Make Annual Funding and Disbursement Decisions).
3. A list of acronyms can be found in Annex 1 of this document.
4. An overview of these Operational Procedures' content is given in the table below **Error! Reference source not found.** Press "Ctrl + click" on the square relative to a specific section on the infographic below.

¹ Budget utilization is reported annually for Focused portfolios.

² All references to "days" in this document shall mean calendar days, unless otherwise stated.

Decide on Annual Funding	Disburse Funds
Error! Reference source not found.	Review Disbursement Schedule
Review Risks and Associated Mitigating Actions	Approve Disbursement
Approve AFD	Communicate Disbursement
Communicate AFD	

A. Decide on Annual Funding

1. Determine Funding Amount and Disbursement Schedule

Outputs	HI & Core	Focused	Timeline	Responsibilities
<i>1st Annual Funding Decision</i>				
<p>1st ADMF capturing:</p> <ul style="list-style-type: none"> - recommended AFD amount³ ; - disbursement schedule including payees⁴ and transaction currency⁵; - rationale and summary of the intended use of the recommended AFD amount. <p>The 1st AFD amount is based on the approved grant budget.</p>	R	R	After grant signature	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>Reviewed by: Finance Specialist or PST Specialist (Focused) ensures AFD aligns with approved budget and any changes to payment modalities after grant-making have been accounted for.</p>
<i>2nd and 3rd Annual Funding Decision</i>				
<p>2nd and 3rd ADMF capturing</p> <ul style="list-style-type: none"> - recommended AFD amount⁶; - disbursement schedule including payees and transaction currency; - rationale and the summary of the intended use of funds provided. <p>As a starting point, the CT uses the amounts requested by the PR in the latest PU/DR, and then</p>	R	R ⁷	Ideally completed immediately after PU/DR review, unless there are other factors to consider	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>Reviewed by: Finance Specialist or PST Specialist (Focused) to ensure:</p> <ul style="list-style-type: none"> -PR-requested amounts make sense, proposing adjustments as necessary; - proposed amounts are reconciled to the approved budget - the third-party breakdown is correct; - cash in transit is correctly accounted for; - any requirements for disbursement and the disbursement schedule are

³ Amounts can be withheld from the AFD, either for co-financing, portfolio optimization or other purposes. Please refer to the GOS Manual for AFD and Disbursements for technical guidance, and to the [OPN on co-financing](#) and Portfolio Optimization documentation for related information.

⁴ Central payments are handled directly through an integrated interface between the Grant Financial System with Wambo. For Wambo and/or PPM, refer to the [OPN on Pooled Procurement Mechanism \(PPM\)](#); for the private sector co-payment mechanism for ACTs (CPM), through the Internal Order Confirmation Form (IOCF); for Green Light Committee, through Financial Services.

⁵ When a currency is selected that is different from the grant currency, the local currency forecast amount is sourced from the signed budget prepared in the local currency. In cases when the disbursement currency is prepared from the budgets developed in the grant currency, the GOS/GFS exchange rate is used (which is updated on a daily basis).

⁶ Amounts can be withheld from the AFD, either for co-financing, portfolio optimization or other purposes. Please refer to the GOS Manual for AFD and Disbursements for technical guidance, and to the [OPN on co-financing](#) and Portfolio Optimization documentation for related information.

⁷ See OPN Section A.1 on Disbursement schedule for differentiated disbursement schedules for Focused portfolio models.

1. Determine Funding Amount and Disbursement Schedule

Outputs	HI & Core	Focused	Timeline	Responsibilities
<p>makes any necessary adjustments based on its assessment (see OPN for considerations to determine AFD amount).</p>				agreed upon.
<i>Supplementary Funding Decision</i>				
<p>For Supplementary funding decisions (increasing AFD amount): Supplementary ADMF capturing: - Recommended supplementary AFD amount - Disbursement schedule - Rationale and the summary of the intended use of funds provided</p> <p>The supplementary funding decision is based on the forecasted need.</p> <p>For reducing AFD amount: Supplementary ADMF capturing: - Recommended reduced AFD amount - Updated disbursement schedule - Rationale for reducing funds from the AFD</p>	R	R	As needed	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>Reviewed by: Finance Specialist or if needed: PST Specialist (Focused) reviews any adjustments made to the original approved AFD and that these agree with the disbursement schedule.</p>

2. Review Risks and Associated Mitigating Actions

(only applicable when approving for a 2nd and 3rd AFD and supplementary funding decision)

Outputs	HI & Core	Focused	Timeline	Responsibilities
<p>Grant's key risks and mitigating actions are reviewed and selected, as necessary to capture them in the ADMF for the 2nd and 3rd AFD and supplementary funding decision⁸</p> <p>If there are any adjustments to be made, this is done in the IRM module prior to finalizing the AFD process.</p>	R	-	Following CT review of the PU/DR	Prepared by: PO or FPM (Focused) with inputs from CT members

3. Approve AFD

Outputs	HI & Core	Focused	Timeline	Responsibilities
<p>Exceptions selected and justification provided in the Controls and Approvals process in the system.</p> <p>The system automatically selects certain exceptions based on the inputs in previous sections of the AFD, in line with the Exceptions Section in the OPN; others require manual selection.</p>	R	R	Prior to AFD or disbursement approval	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>Review by: Finance Specialist (High or if needed: PST Specialist (Focused) reviews any exceptions that have been flagged by the system, and requests PO or FPM/FPA to select any have not been applied.</p>
<p>Attach supporting documents</p> <p>Signed page of the PU/DR from PR</p>	R	R	Prior to AFD or disbursement approval	Prepared by: PO or FPM/FPA (Focused)

⁸ 1st AFDs that are processed more than 30 days after the approval of the Purchase Order are also reviewed by Risk.

3. Approve AFD				
Outputs	HI & Core	Focused	Timeline	Responsibilities
<p>Signed page of the PU/DR from LFA</p> <p>Bank details⁹ for the first PR disbursement, first SR direct disbursement and/or new third party</p> <p>For third parties: invoice, PR's request to process a direct disbursement and, signed agreement between third party and the PR or Global Fund¹⁰</p> <p>Draft Performance Letter (if available) Final Payment Letter (if applicable)</p>				
<p>1st AFD approved, using the Approval Workflow section in the Controls and Approvals process in the system.</p> <p><u>Resources:</u> <i>AFD Review Checklist for Finance</i></p>	R	R	Within 30 days of Purchase Order approval	<p>Reviewed by: FPM (and DFM11, if applicable) reviews overall completeness, quality, and accuracy.</p> <p><i>If there are no exceptions, no approval is required and AFD is sent directly to Financial Services.</i></p>
	R	BP	More than 30 days after Purchase Order approval, if there is an exception(s), or if there is a subsequent release of funds under the 1 st AFD	<i>As per approvals process for 2nd and 3rd AFDs.</i>

⁹ Bank details must be submitted on bank letterhead paper.

¹⁰ This can be submitted to cover a one-off or all disbursements for a third party.

¹¹ For portfolios with Disease Fund Managers (DFMs) the submission is done by the DFM and approved by the Senior FPM. DFM is currently applicable to Nigeria, DRC, and India portfolios.

3. Approve AFD

Outputs	HI & Core	Focused	Timeline	Responsibilities
<p>2nd and 3rd AFD approved, using the Approval Workflow section within the Controls and Approvals process in the system.</p> <p>Approvers are responsible for reviewing all relevant information within their area of expertise.</p> <p>Approvers can include review notes in the comments section next to their approval.</p> <p><u>Resources:</u> <i>AFD Review Checklist for Finance</i></p>	R	R	<p>Before the end of the buffer period of the previous AFD</p>	<p>Non-objection by: Risk Specialist¹² (High Impact & Core only) ensures:</p> <ul style="list-style-type: none"> - mitigating actions are adequate and are being implemented in a timely manner to address these risks with a particular focus on KMAs; - appropriate assurance mechanisms are present. <p>Recommended by:</p> <ul style="list-style-type: none"> - FPM (and DFM¹³, if applicable) reviews overall completeness, quality and accuracy and recommends AFD amount. - Finance or PST Specialist (Focused) carries out a compliance check by reviewing the accuracy of the amounts in the AFD and disbursement schedule, the dates or disbursement are correct, bank details are correct, and exceptions have been selected, and recommends AFD amount. <p>As applicable, according to Approval Limit thresholds, validated by: see OPN on Annual Funding Decision and Disbursement (Approve AFD section)</p> <p>Approved by: see OPN on Annual Funding Decision and Disbursement (Approve AFD section)</p> <p>If exceptions are selected, additional approvals are required by authorities defined in the Annex on Management of Exceptions in the OPN on Annual Funding Decision and Disbursement.</p> <p>Verified by: Analyst, Financial services carries out a final due diligence check</p>

¹² Any objection must be raised with 48 hours of submission. If an objection is raised, the AFD is sent back to the FPM for revision based on Risk's feedback. If the issue cannot be resolved, it is escalated to the next management level.

¹³ See Footnote 10.

3. Approve AFD				
Outputs	HI & Core	Focused	Timeline	Responsibilities
				<p>to ensure compliance with procedures and payee details are correct.</p> <p>Approved by: Manager, Financial Services, approves sufficient funds are available for the AFD amount.</p>
<p>Supplementary Funding Decision approved, using the Approval Workflow section within the Controls and Approvals process in GOS.</p> <p>Approvers are responsible for reviewing all relevant information within their area of expertise.</p> <p>Approvers can include review notes in the comments section next to their approval.</p> <p><u>Resources:</u> <i>AFD Review Checklist for Finance</i></p>	R	R	As needed	<p>Reviewed (on a non-objection basis) by: Risk Specialist¹⁴ (High Impact & Core only) ensures risks related to key grant objectives are appropriately identified and prioritized¹⁵.</p> <p>Recommended by:</p> <ul style="list-style-type: none"> - FPM (and DFM¹⁶, if applicable) reviews overall completeness, quality, and accuracy, and recommends supplementary amount. - Finance or PST Specialist (Focused) carries out a compliance check by reviewing the accuracy of the amounts in the Supplementary Funding Decision and disbursement schedule, and any exceptions selected, and recommends supplementary or reduced AFD amount. <p>Validated by (as applicable, according to Approval Limit thresholds): see OPN on Annual Funding Decision and Disbursement (Approve AFD section)</p>

¹⁴ Any objection must be raised with 48 hours of submission. If an objection is raised, the AFD is sent back to the FPM for revision based on Risk's feedback. If the issue cannot be resolved, it is escalated to the next management level.

¹⁵ The Risk Specialist may also take this opportunity to ensure risk ratings are current, confirm the status of KMAs, add new or emerging risks, or deprioritize a risk due to the evolving country context.

¹⁶ See Footnote 10

3. Approve AFD				
Outputs	HI & Core	Focused	Timeline	Responsibilities
				<p>Approved by: <i>see OPN on Annual Funding Decision and Disbursement</i> (Approve AFD section)</p> <p>If exceptions are selected, additional approvals are required by authorities defined in the Annex on Management of Exceptions in the OPN on Annual Funding Decision and Disbursement</p> <p>Verified by: Analyst, Financial services carries out a final due diligence check to ensure compliance with procedures and payee details are correct.</p> <p>Approved by: Manager, Financial Services, approves sufficient funds are available for the supplementary amount.</p>

4. Communicate AFD				
Outputs	HI & Core	Focused	Timeline	Responsibilities
<p>Annual Funding Decision Notification Letter sent to the PR via GOS</p> <p>or</p> <p>Supplementary Funding Decision Notification Letter sent to the PR via GOS</p> <p>The AFD and Supplementary Funding Notification Letters are</p>	R	R	Within 15 days from the approval of the AFD or of the Supplementary Funding Decision	<p>Prepared by: PO or FPA (Focused)</p> <p>Reviewed by: FPM (and DFM, if applicable)</p>

4. Communicate AFD				
Outputs	HI & Core	Focused	Timeline	Responsibilities
system-generated and sent via GOS.				
<p>Final Payment Letter signed and sent to PR via email (if applicable)</p> <p><u>Resources:</u> Payment Letter templates</p>	R	R	As needed for disbursements more than 6 months after IP end date	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>Reviewed by: FPM (and DFM, if applicable) reviews overall quality and accuracy. Finance or PST Specialist (Focused) reviews the Final Payment Amount¹⁷ and the justification provided. Legal Counsel verifies the legal signatory and reviews any language on re-payment/recoveries, etc.</p> <p>Signed by: PR (if applicable¹⁸) Regional Manager/Department Head Grant Finance Manager</p>

B. Disburse Funds

These steps are not required for (i) the first disbursement of funds (which are automatically released with the approval of the 1st AFD, 2nd and 3rd AFDs and Supplementary Funding Decision); and (ii) Focused Countries for which 'Ready for Release' was selected for all disbursements (unless a scheduled disbursement needs to be postponed, modified, or cancelled¹⁹).

1. Review Disbursement Schedule				
Outputs	HI & Core	Focused	Timeline	Responsibilities
Scheduled disbursement modified, postponed, or canceled (if applicable²⁰)	R	R	Initiated at least 10 days before	<p>Prepared by: FPM/PO/FPA</p> <p>Reviewed by:</p>

¹⁷ Whether the Final Payment Amount can be covered by the approved Purchase Order signed amount.

¹⁸ The CT will consult with Legal Counsel to determine if the Final Payment Letter requires countersignature by the PR (e.g., if the payments relate to delayed activities not covered by the Grant Agreement / IL) before processing the supplementary funding decision or disbursing funds.

¹⁹ Nevertheless, all disbursements are sent to Financial Services for their review and approval for all portfolio categories.

²⁰ For High Impact & Core portfolios. Only applicable for Focused portfolios when the approved scheduled disbursement has been modified or cancelled or requires additional sign-off due to an exceptional case.

1. Review Disbursement Schedule

Outputs	HI & Core	Focused	Timeline	Responsibilities
Disbursement must have 'In Progress' approval status to allow for rescheduling.			scheduled disbursement	<p>FPM (and DFM, if applicable) reviews overall accuracy and any relevant exceptions were approved at the AFD stage.</p> <p>Finance or PST Specialist (Focused) review any relevant exceptions, the original approved AFD with the revised AFD to compare any changes made, and the rationale.</p>
Disbursement schedule is reviewed²¹ and status is changed from the 'Planned' status to 'Ready for Release' status²²	R	R	Initiated at least 10 days before scheduled disbursement	<p>Prepared by: PO or FPA (Focused)</p> <p>Reviewed by:</p> <p>FPM (and DFM if applicable) reviews overall accuracy and any relevant exceptions were approved at the AFD stage.</p> <p>Finance or PST Specialist (Focused) if applicable, review the original approved AFD with the revised AFD to compare any changes made, and the rationale.</p>

2. Approve Disbursement

Outputs	HI & Core	Focused	Timeline	Responsibilities
Disbursement is approved , using the Approval Workflow section within the Controls and Approvals process in the system.	R	R	Initiated at least 10 days before scheduled disbursement	<p>Approved by:</p> <p>FPM (and DFM²³, if applicable)</p> <p>Finance or PST Specialist (Focused) if applicable</p>

²¹ The Country Team is responsible for ongoing grant monitoring and determining if circumstances have changed between the time of the AFD and the scheduled disbursements.

²² Disbursements at a future date for High Impact & Core portfolios are scheduled as 'planned' in GOS, requiring confirmation and approval prior to each subsequent disbursement release. For Focused countries, disbursements are typically scheduled as 'ready for release'. Once the first disbursement is approved, all subsequent disbursements will be sent directly to Financial Services for approval prior to being released to the relevant entity, according to the disbursement schedule.

²³ See Footnote 10

2. Approve Disbursement

Outputs	HI & Core	Focused	Timeline	Responsibilities
<p>Approvers are responsible for reviewing all relevant information within their area of expertise.</p> <p>Approvers can include review notes in GOS in the comments section next to their approval.</p>				<p>If exceptions are selected, additional approvals are required by authorities defined in the Annex on Management of Exceptions in the OPN on Annual Funding Decision and Disbursement</p> <p>Verified by: Analyst, Financial services carries out a final due diligence check to ensure compliance with procedures and payee details are correct.</p> <p>Approved by: Manager, Financial Services, approves sufficient funds are available for the disbursement amount.</p>

3. Communicate Disbursement

Outputs	HI & Core	Focused	Timeline	Responsibilities
<p>Disbursement Notification Letter sent to PR and / or third party</p> <p>The Disbursement Notification Letter is system-generated and sent via GOS.</p>	R	R	Within 15 days from the release of the disbursement	<p>Prepared by: PO or FPA (Focused)</p> <p>Reviewed by: FPM (and DFM, if applicable)</p>

Annex 1: Acronyms

- **ADMF:** Annual Decision-Making Form
- **AFD:** Annual Funding Decision
- **CPM:** co-payment mechanism
- **CT:** Country Team (comprises: FPM, PO, FPA, Finance/PST Specialist, PHME Specialist, HPM Specialists, Legal Counsel)
- **DFM:** Disease Fund Manager
- **DH:** Department Head for relevant High Impact Department
- **FPA:** Fund Portfolio Assistant for High Impact & Core portfolios (including Senior FPA) or Fund Portfolio Analyst for Focused portfolios
- **FPM:** Fund Portfolio Manager (including Senior FPM)
- **GAC:** Grant Approval Committee
- **GFM:** Grant Finance Manager
- **GOS:** Grant Operating System
- **HPM Specialist:** Health Product Management Specialist
- **IOCF:** Internal Order Confirmation Form
- **IP:** Implementation Period
- **IRM:** Integrated Risk Management (module in GOS)
- **LFA:** Local Fund Agent
- **PHME Specialist:** Public Health and Monitoring & Evaluation Specialist
- **PO:** Program Officer for High Impact & Core Portfolios (including Senior PO)
- **PPM:** Pooled Procurement Mechanism
- **PR:** Principal Recipient
- **PST Specialist:** Specialist in the Portfolio Services Team of Program Finance for Focused portfolios
- **RM:** Regional Manager
- **SR:** Sub-recipient

Change History

No.	Approved By	Change Description	Date	Version No
1.0	EGMC	<ul style="list-style-type: none"> Original version of the Operational Procedures 	26 November 2021	1
1.1	Operational Efficiency (Administrative change)	<ul style="list-style-type: none"> Removed Annex on Grant Performance Rating Methodology (For Grants Signed In The 2017-2019 Funding Cycle and Before), which has been replaced by the Performance Rating Methodology in the Operational Procedures on Oversee Implementation and Monitor Performance. 	21 August 2022	1.1
1.2	Department Head, GPS	<ul style="list-style-type: none"> Captured requirement level for each output in the Operational Procedures (required, best practice or not required) Captured role of Disease Fund Managers. Aligned the Review Disbursement Schedule procedures to match what is processed in GOS. Also emphasized that at this stage of the process when the status is "under review", rescheduling of disbursement is not possible. Removed the LFA-recommended amount as basis for the 2nd and 3rd ADMF to align with the PU/DR form. Clarified the differentiated levels of requirements across HI, Core and Focused Portfolios to align with the OPN. Clarified the exceptions approval process. 	19 October 2023	1.2