

# Operational Policy Note

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## Make Annual Funding and Disbursement Decisions

**Approved on:** 11 August 2022, Updated 19 October 2023  
**Approved by:** Executive Grant Management Committee  
**Process Owner:** Grant Portfolio Solutions and Support Department

### 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<sup>1</sup>;
- 94% budget utilization, reported in end-June/end-December<sup>1</sup>; and
- 90% disbursement utilization, reported in end-March/end-September;
- AFD Notification Letter sent by CT within 15 days<sup>2</sup> of AFD approval; and
- Disbursement Notification Letter sent by CT within 15 days of release of the disbursement.

## Overall Objective

1. The annual funding decision (AFD) and disbursement processes are critical grant management functions. These processes allow the Global Fund to commit and disburse approved Grant Funds<sup>3</sup> appropriately and take action to ensure grants continue to achieve maximum impact<sup>4</sup>. There are two main objectives:
  - A. **Decide on Annual Funding:** Determine and commit the amount of funding that will be disbursed to the grant over the next 12 months of implementation<sup>5</sup> (plus a buffer period), considering implementation performance and issues and risks; and
  - B. **Disburse Funds:** Disburse funds committed through the AFD to the Principal Recipient (PR), or third party on behalf of the PR, for the payment of goods and/or services.
2. The AFD and disbursement processes ensure:

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<sup>1</sup> Budget utilization is reported annually for Focused portfolios.

<sup>2</sup> All references to "days" in the document shall mean calendar days, unless otherwise stated.

<sup>3</sup> Unless defined in this Operational Policy Note or the context otherwise requires, all capitalized terms used in this Operational Policy Note shall have the same meaning set out in the Global Fund Grant Regulations (2014).

<sup>4</sup> The review of the grant service delivery and PR operational management and assigning a performance rating is part of *Oversee Implementation and Monitor Performance*. Refer to the [OPN on Oversee Implementation and Monitor Performance](#) for more information.

<sup>5</sup> The amount committed under the AFD does not include centralized commitments and disbursements.

- i. Grant Funds are used for agreed objectives and outputs in an accountable manner whereby known or new risks are minimized and mitigated;
- ii. AFDs consider grant and PR performance to ensure PRs focus on results and timely grant implementation;
- iii. AFDs are well documented and justified; and
- iv. Disbursements are released on time to implementers and third parties to ensure the continuation of grant activities.

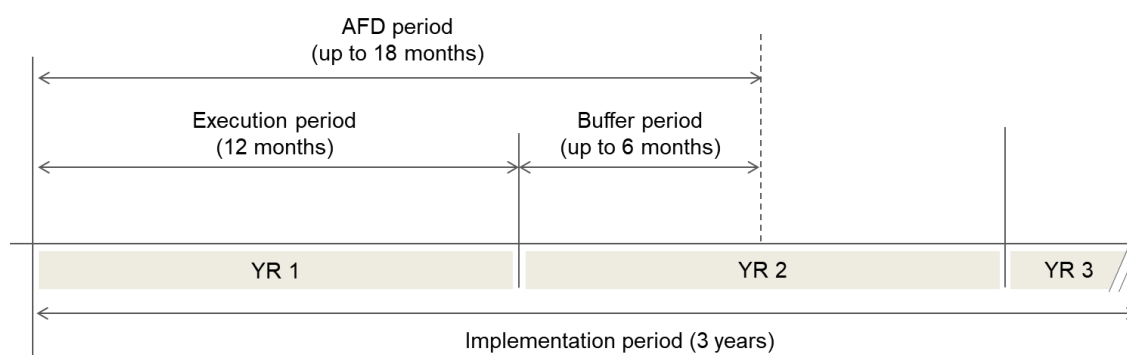
DECIDE ON ANNUAL FUNDING	DISBURSE FUNDS
Determine AFD Amount and Disbursement Schedule	Review Disbursement Schedule
Review Risks and Associated Mitigating Actions	Approve Disbursement
Approve AFD	Communicate Disbursement
Communicate AFD	

## Operational Policy

### A. DECIDE ON ANNUAL FUNDING

3. The AFD is the process of determining and setting aside (i.e., committing) Grant Funds to finance a specified 12-month period (execution period)<sup>6</sup> plus a period of up to 6 months (buffer period)<sup>7</sup>. This maximum 18-month execution and buffer period are referred to in this document as the AFD Period. The AFD amounts are disbursed to the PR and third parties as relevant, in a staggered manner during up to a maximum 18-month period<sup>8</sup> in accordance with the relevant Grant Agreement (see fig. 1).

Figure 1. AFD Period.



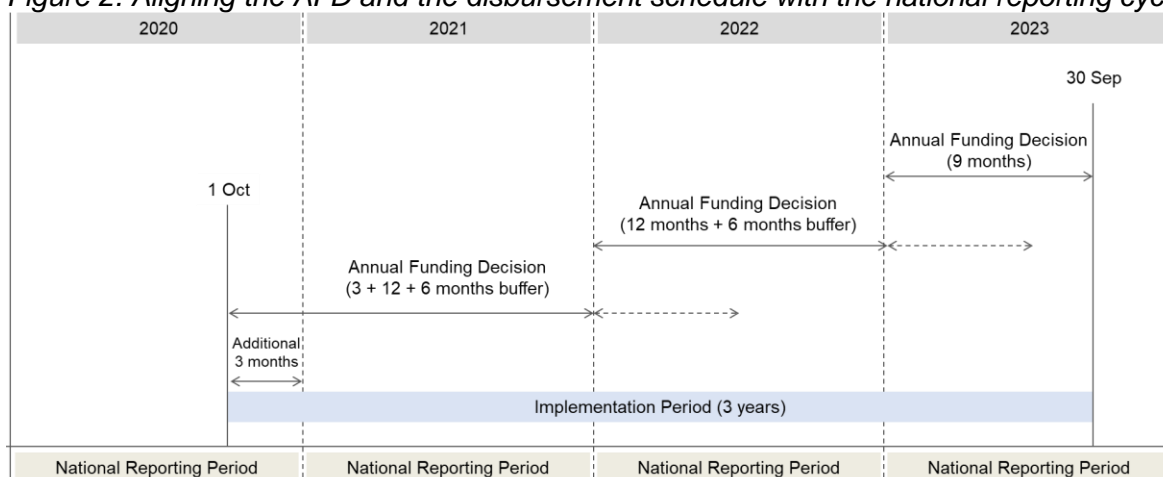
<sup>6</sup> In some cases, an execution period may be six months in high-risk environments. The same policies and processes apply except where indicated otherwise.

<sup>7</sup> The Country Team determines whether the buffer period is 3 months or 6 months, as required.

<sup>8</sup> Or up to 21 months when an AFD period is exceptionally lengthened for purposes of national reporting cycle alignment or to process a disbursement under a Supplementary Decision.

4. **Align AFDs.** The AFD and disbursement schedule aligns with the progress reporting period<sup>9</sup> which, in turn, is ideally fully aligned with the national reporting cycle. If the grant start date is not aligned with the national reporting cycle, the 1<sup>st</sup> AFD is lengthened or shortened to ensure such alignment<sup>10</sup>.
5. Figure 2 shows the example of a grant with an implementation start date of 1 October. The national reporting cycle for the grant is from January to December. In order to align the AFD with the national reporting cycle, the execution period of the 1<sup>st</sup> AFD covers 15 months (plus a buffer). The 3<sup>rd</sup> AFD will cover a period of 9 months up to 30 September, since the Implementation Period is typically 3 years.

Figure 2. Aligning the AFD and the disbursement schedule with the national reporting cycle.



6. All commitments to the grant are processed through the AFD except commitments for centralized payments to third parties for: (i) the procurement of health products through the Pooled Procurement Mechanism (PPM)<sup>11</sup>, (ii) Wambo-related transactions, (iii) the private sector co-payment mechanism for ACTs (CPM) and (iv) Green Light Committee (GLC) payments (please also refer to the Direct Disbursements to Third Parties section below).
7. Each AFD is processed through an annual decision-making form (ADMF). The sum of all funds committed through AFDs and centralized payments for the full Implementation Period and closure period of a grant cannot exceed the grant signed amount stipulated in the relevant Grant Agreement.
8. The Approve AFD section below provides the delegated authority on annual and supplementary funding decisions.
9. **Types of Funding Decisions.** There are three types of funding decisions:
  - **1<sup>st</sup> AFD:** For a new grant or Implementation Period, this decision is taken immediately after grant signing and purchase order (PO) approval, based on the grant cash requirements in line with the approved budget. If the 1<sup>st</sup> AFD is completed within 30 days of the PO approval, and there are no exceptions selected, no signatures are required to process this decision. If there is a delay of more than 30 days in processing the 1<sup>st</sup> AFD, the relevant signatory authority stipulated in the “Approve AFD section” will be invoked.

The 1<sup>st</sup> AFD does not consider grant or PR performance; however, it does consider any issues or actions identified during grant-making and/or approval.

<sup>9</sup> The progress reporting period is ideally aligned with the national reporting cycle and is not necessarily linked to calendar year or implementation years from the grant start date. Alignment to this period is necessary to ensure availability of programmatic results required to inform AFDs.

<sup>10</sup> This is exceptionally permitted for the 1<sup>st</sup> or last AFD, since the execution period can only be up to 12 months.

<sup>11</sup> Please refer to the [OPN and Operational Procedures on Pooled Procurement Mechanism \(PPM\)](#).

- **2<sup>nd</sup> and 3<sup>rd</sup> AFD:** The subsequent funding decisions for years 2 and 3 of the grant Implementation Period take into consideration grant and PR performance and financial needs as reported through the Progress Update and Disbursement Request (PU/DR)<sup>12</sup> or the Local Fund Agent, as relevant.
- **Supplementary Funding Decision:** Decisions that may be processed up to 18 months from the start date of the AFD Period, in the following cases:
  - When there is insufficient commitment under the active AFD to support grant activities for the PR or third parties;
  - To commit and disburse additional funds from mechanisms, such as portfolio optimization or the COVID-19 Response Mechanism (C19RM);
  - To reduce funds from the current AFD; or
  - To disburse funds for closure activities, after the Implementation Period end date, as long as the Implementation Letter approving the grant closure plan and budget has been signed by the PR (only applicable where there is insufficient commitment or the disbursement period of the previous AFD has expired)<sup>13</sup>.

A Final Payment Letter<sup>14</sup> is required in order to process a supplementary funding decision or disburse funds more than 6 months after the Implementation Period end date to liquidate financial liabilities (Exception Level 1).

It is possible to process more than one supplementary funding decision in an AFD Period. This can be done through completing an additional supplementary ADMF that is generated to supplement the existing decision<sup>15</sup>.

## 1. Determine AFD Amount and Disbursement Schedule

10. **Determine AFD Amount.** The 1<sup>st</sup> AFD amount is based on the approved grant budget. For the 2<sup>nd</sup> and 3<sup>rd</sup> AFD, the Country Team determines the AFD amount based on the following parameters<sup>16</sup>:

- **Annual Performance.** The PU/DR and other relevant reports provide the Country Team with the programmatic performance (i.e., achievement of agreed targets, and which activities were completed, delayed and/or need to be continued in the next execution period) and the financial performance (i.e., in-country absorption and budget utilization against the agreed budget) of the grant, as well as any issues or challenges in implementation that require action. Annual performance translates into an annual rating.

The Global Fund uses an annual **Performance Rating Methodology** to determine the grant performance (resulting from the programmatic and financial performance of the grant), and a PR performance (resulting from an analysis of the PR's implementation, financial, procurement and supply chain, and grant and risk management). Please refer to the [OPN and Operational Procedures on Oversee Implementation and Monitor Performance](#) for a full description of the Performance Rating Methodology.

<sup>12</sup> See the [Progress Update and Disbursement Request Form Instructions](#).

<sup>13</sup> Supplementary funding decisions related to grant closures can be processed until six months after grant end date (see [OPN on Implementation Period and Reconciliation and Grant Closure](#)).

<sup>14</sup> The Final Payment Letter or a similar document can also be applied to non-closure related activities with rationale provided for the AFD (if there is sufficient commitment balance) or supplementary funding decision. 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.

<sup>15</sup> Strong justification is required for any supplementary funding decisions submitted within 6 months from the initial AFD and more than 75% (cumulative) of the AFD amount.

<sup>16</sup> For grants applying the Payment for Results (PforR) modality including for Focused Aligned and Targeted models, the annual funding decision is solely based on achievements against programmatic targets; the schedule of AFD and disbursements depends on the agreed payment terms and schedule.

- **PR Cash Expenditure Forecast**<sup>17, 18</sup>. The projected amount of Grant Funds required for the payment of goods and/or services in accordance with the approved budget for the next execution and buffer periods<sup>19</sup>. This forecast calculation is based on:
    - i. **In-country cash balance and advances.** Any available<sup>20</sup>, unspent cash balances held in-country (e.g., held by PR, Sub-recipient (SR), or suppliers) from the previous AFD.
    - ii. **Changes to the work plan.** Changes to the work plan for the next execution period (e.g., postponement or acceleration of activities, changes to implementation arrangements, or delays or advances in major procurements) which have an impact on the cash needed for the period.
    - iii. **Unit price changes.** The current or expected unit prices compared to those in the agreed budget.
    - iv. **Financial commitments and financial obligations.** Current confirmed commitments and obligations to be paid during the disbursement request period.
    - v. **Macroeconomic factors.** Any major changes in inflation or exchange rates that have affected the cash needs for the next execution period.
  - **Reduction of funds.** Any reduction of funds that will affect the funds available for the next execution period<sup>21</sup>, e.g., non-compliance with co-financing commitments and documented decision to reduce funds (see [OPN on Co-financing](#)).
11. **Create a disbursement schedule.** The disbursement schedule is established by the Country Team as an integral part of the AFD process, based on the forecasted cash requirements for the execution and buffer periods covered by the AFD and the grant risk profile.

**High Impact and Core portfolios.** For High Impact and Core portfolios, disbursements are made on a quarterly basis or when the PR requires cash during the execution and buffer period covered by the funding decision. The first disbursement of the AFD is released with the approval of the AFD. Subsequent disbursements must be reviewed prior to the release of funds.

For grants with good programmatic and financial performance, as demonstrated by the criteria below, the Country Team can schedule and release semi-annual disbursements for grants with the total budget of US\$100M or less, or full annual disbursements for grants with the total budget of US\$30M or less, if the PR meets the following conditions:

- i. There is a cumulative grant in-country absorption of 85%;
- ii. There is a timely submission of an unqualified<sup>22</sup> audit report for the past year;
- iii. The latest PR reporting<sup>23</sup> is submitted with no more than 30 days delay; and
- iv. The IRM rating is low and has not deteriorated in the last reporting period.

If one or more of the above conditions is not met, or financial performance and risk deteriorates during the AFD period, the Country Team will revert to releasing quarterly disbursements.

<sup>17</sup> In the PU/DR.

<sup>18</sup> Forecasts for Focused Light and Legacy models are based solely on the approved budget.

<sup>19</sup> The calculation of the AFD amount does not include PPM/Wambo.

<sup>20</sup> 'Available funds' is the cash balance minus any financial commitments and/or financial obligations.

<sup>21</sup> Financial Services reduces the grant's Purchase Order amount in the Global Fund Financial System (GFS) prior to initiating the AFD.

<sup>22</sup> The report is accurate and complete.

<sup>23</sup> When referencing multiple reports, the Finance Specialist assesses the condition of each.

### **Focused portfolios**

For Focused Light and Legacy models, the first disbursement of the AFD is released with the approval of the AFD. Subsequent disbursements are released on a “no objection” basis, unless the disbursement is modified, postponed, or canceled or is exceptional (see Management of Exceptions section). The Global Fund disburses funds twice to the Principal Recipient based on the 1st AFD: once before or during year 1 and once during quarter one of year 2. For the second and third year of implementation, the Country Team can disburse the annual budget amount based on the annual approved budget.

### **Payment for Results (PfR) grants** (including Focused Aligned and Targeted models):

The schedule of disbursements depends on the agreed payment terms and schedule for the PfR component.

12. **Undisbursed Funds**<sup>24</sup> remaining from the previous AFD are made available for the next AFD. The disbursement schedule for the (current) AFD must be equal to the total AFD disbursement amount to the PR and third parties.
13. **Disbursement currency.** Disbursements are generally made in the currency(ies) of the signed Grant Agreement unless there is a specific framework agreement between the Global Fund Secretariat under a corporate initiative with third parties requiring the disbursement in other currency(ies). Disbursements can also be processed in multiple currencies<sup>25</sup>. Where it is possible to manage and neutralize the foreign exchange impact on funds received for budgeted implementation activities, the Global Fund, in consultation with the PR, may deem<sup>26</sup> multiple currencies more advantageous.
14. **Direct disbursement to third parties.** A direct disbursement to a third party can be requested by the PR or required by the Global Fund. Third parties that can receive direct disbursements from the Global Fund include:
  - i. procurement service agents;
  - ii. agents that are directly contracted by the Global Fund Secretariat (e.g., fiduciary agents, fiscal agents);
  - iii. other service providers providing independent assurance to the Global Fund on grant implementation (external audit, diagnostics, and other independent reviews);
  - iv. third parties which trigger a mandatory direct disbursement by the Global Fund under paragraphs 30 - 31 (mandatory direct disbursements) of the Global Fund Guidelines for Grant Budgeting;
  - v. private entities and internationally recognized technical assistance agencies and service providers with which the Global Fund has signed partnership agreements (including the official travel agent of the Global Fund when it is deemed more optimal and efficient for the Secretariat to arrange implementers’ travel on grant-related missions to Geneva);
  - vi. centralized payments, such as for the GLC (for the payment of the cost-sharing element pursuant to the MoU with the GLC), Pooled Procurement Mechanism or wambo.org; and
  - vii. SRs, in cases where SRs are acting as procurement agents, SRs in Additional Safeguard Policy countries or in countries where the political and/or the financial context does not enable the PR

<sup>24</sup> Grant Funds that have been committed to an AFD but not yet disbursed to the designated bank account of the PR or third party.

<sup>25</sup> When preparing an AFD in a local currency, the amount is sourced from the signed budget prepared in the local currency. In cases when the foreign exchange is prepared from the budgets developed in the grant currency, the GOS/GFS exchange rate which is updated on a daily basis is used, which requires the Country Team to recalculate the disbursement amount(s) prior to AFD approval.

<sup>26</sup> Agreed between the Country Team, Grant Financial Management and Treasury.

to disburse to the SR, and SRs that are in different geographical locations<sup>27</sup> from the PR and where risks relating to potential foreign exchange exposure and/or inefficient banking regulations exist.

15. Third party payments outside of the above cases must be strongly justified and signed off on an exceptional basis (see Defined Exceptions section below).
16. All the required documentation for third party payments is set out in the Operational Procedures.
17. All third parties receiving direct disbursements from the Global Fund must also be registered through the Grant Entity Data (GED) process<sup>28</sup>.
18. Issues regarding the AFD amount or disbursement schedule that cannot be resolved at the Country Team level are escalated to the next management level.

## **2. Review Risks and Associated Mitigating Actions**

19. As part of the AFD process, the Country Team undertakes a review of management issues and risks. It represents a critical point in time to (i) consider newly identified risks and/or (ii) adapt existing mitigating actions or controls based on the outcomes of assurance activities to ensure risks are being managed to an acceptable level<sup>29</sup>. The Country Team ensures that new or amended mitigating actions are appropriate to safeguard funds being disbursed and are appropriately funded.
20. While Country Teams remain the overall risk owner and responsible for all grant risks, the Risk Management Department provides independent and objective oversight for grants. This oversight ensures that key risks are adequately identified, prioritized, and mitigated with appropriate assurance mechanisms in place. Country Teams engage with the Risk Management Department throughout the grant cycle so that issues or differences of opinion are identified early in the processes and resolved. During the preparation of the AFD, the Country Team selects relevant grant risks and Key Mitigating Actions (KMAs) relevant to the AFD Period<sup>30</sup>.

### **High Impact and Core portfolios.**

Country Teams for High Impact and Core portfolios engage with the Risk Management Department in the review of management issues and key risks. Prior to submitting the AFD for approval, the ADMF is shared with the Risk Management Department seeking a “no objection” on the risk section within 48 hours<sup>31</sup>. If no objection is raised within that period, their agreement with the risk analysis is confirmed. If an objection is raised, the AFD is sent back to the Fund Portfolio Manager (FPM) and if applicable, the Disease Fund Manager<sup>32</sup> (DFM) for revision based on Risk’s feedback. If the issue cannot be resolved, it is escalated to the next management level.

### **Focused portfolios.**

FPMs managing Focused portfolios are required to include any agreed issues identified during the PU/DR review into the annual funding decision-making process. The Portfolio Services Team (PST), supporting financial analysis for Focused portfolios, follows a standardized methodology to determine a grant’s financial risk ratings for the six risks within the Finance and

<sup>27</sup> For example, for multi-country grants where the PR and SRs are located in different countries.

<sup>28</sup> Please refer to Annex 3 of the [OPN on GED and its Operational Procedures](#).

<sup>29</sup> This includes the review of management issues to assess whether any need to be changed to a (Key) Mitigating Action.

<sup>30</sup> Grant risks and Key Mitigating Actions are updated in the Integrated Risk Management (IRM) module prior to the AFD process in GOS. Focused portfolios are not required to select KMAs.

<sup>31</sup> Given the ongoing engagement, it is expected that the 48 hours-period for raising an objection will be used rarely. In case of frequent use, it would reflect poorly on the engagement between the Country Team and Risk Management Department and is escalated to Grant Management Department Head and the Chief Risk Officer.

<sup>32</sup> Currently, Disease Fund Manager is applicable to the Nigeria, DRC, and India portfolios.

Fiduciary Risk Category and any mitigating actions from the review of the external audit report and/or PUDR.

### 3. Approve AFD

21. Validation and approval authority is delegated based on the recommended AFD amount and whether the AFD involves exceptions to the standard process. The following table sets out applicable approval authority:

Approver	Thresholds				
	Zero AFD	Up to (and including) US\$ 5M	Above US\$5M and up to (and including) US\$ 20M	Above US\$ 20M and up to (and including) US\$ 40M	Above US\$ 40M
DFM (if applicable)	Recommendation	Recommendation	Recommendation	Recommendation	Recommendation
FPM	Approval	Recommendation	Recommendation	Recommendation	Recommendation
Finance Specialist	Approval	Recommendation	Recommendation	Recommendation	Recommendation
SFPM, Cluster Lead (if applicable) <sup>33</sup>		Approval <sup>34</sup>	Validation	Validation	Validation
Regional Manager <sup>35</sup>		Approval <sup>36</sup>	Approval	Validation	Validation
Grant Finance Manager		Approval	Approval	Approval	Approval
Department Head				Approval	Validation
Division Head					Approval

22. The Financial Services Team perform a final compliance and due-diligence review to ensure compliance with established procedures as outlined in the OPN and accurate matching of payee details (name and associated bank account). There is a 2-step verification within Financial Services as follows:

Approval Level	Approver Role	Decommitment <sup>†</sup>	AFD/Disbursement
Treasury & Financial Transactions Department	Analyst, Financial Services	Compliance verification	Compliance verification
	Manager, Financial Services	Compliance review & approval	Compliance review & approval <sup>37</sup>

<sup>†</sup> Decommitments and transfers between periods and grants. This is not related to funding decision transactions.

<sup>33</sup> Until this is developed in the system, SFPMs, Cluster Leads communicate their approval/validation of the AFD to the RM who handles the approval/validation in GOS.

<sup>34</sup> Where the SFPM, Cluster Lead directly manages the grant(s), the Regional Manager approves instead.

<sup>35</sup> Or Department Head for High Impact Department.

<sup>36</sup> Only for portfolios where Cluster approach is not applicable. Department Head approves for High Impact Department.

<sup>37</sup> This includes the Batch Release Approval for execution of the transaction by the Treasury and banking institution.



23. The AFD is approved through an approval workflow<sup>38</sup>, whereby the approver reviews, recommends, validates and/or approves the AFD. The first disbursement is automatically approved with the approval of the AFD.

#### 4. Communicate AFD

24. An **Annual/Supplementary Funding Decision Notification Letter** is sent to the PR following the relevant funding decision, communicating the amount and the planned disbursement(s).

25. Following an AFD approval, the Country Team, in addition to the Annual Funding Decision Notification Letter, also sends a Performance Letter to the PR (as part of the PR reporting process), which may include the AFD amount and disbursement schedule. For more information, please refer to the [OPN and Operational Procedures on Overseas Implementation and Monitor Performance](#).

### B. DISBURSE FUNDS

#### 1. Review Disbursement Schedule

26. A disbursement is the transfer of cash from the Global Fund to the PR or to third parties on behalf of the PR for the payment of goods and services based on the disbursement schedule defined in the AFD.

27. **Modify, postpone, or cancel a scheduled disbursement (if applicable).** Country Teams are responsible for ongoing grant monitoring and determining if circumstances have changed between the time of the AFD and the scheduled disbursements. Any changes to the originally approved dates and/or amounts for payees are completed through an approval workflow. Any such changes must be within the overall AFD.

28. Country Teams can follow the below indicative guidance when determining whether a scheduled disbursement (including the buffer) needs to be modified downward or upward, postponed, or canceled:

- i. progress on requirements related to the scheduled disbursement as well as compliance with requirements due during the AFD Period;
- ii. Low absorption<sup>39</sup>;
- iii. Increased cash needs due to accelerated implementation; or
- iv. Non-compliance of previous co-financing commitments<sup>40</sup>.

29. Where the Country Team modifies, postpones, or cancels the scheduled disbursement, a rationale needs to be provided to justify such action.

#### 2. Approve Disbursement

30. The FPM<sup>41</sup> and Finance Specialist have the approval authority to release disbursements for the grant (excluding Wambo, GLC and PPM) with escalated approval required if the disbursement involve exceptions (see Management of Exceptions section). Disbursements are approved through an approval workflow<sup>42</sup>.

#### High Impact and Core portfolios.

<sup>38</sup> Physical signature permitted when electronic approval not possible.

<sup>39</sup> Significant unspent cash balances which are not required before the next disbursement – more than 25-50% not spent of the previous cash disbursed under the current AFD as evidenced by the latest progress update in cash balances.

<sup>40</sup> A proportionate withholding of disbursements may occur as a consequence of non-compliance of previous co-financing commitments. Please refer to the *OPN on Co-financing* for more information.

<sup>41</sup> For portfolios with DFMs the recommendation and submission is done by the DFM and approved by the SFPM.

<sup>42</sup> Physical signature permitted when electronic approval not possible.

FPMs<sup>43</sup> have the option to approve, modify, postpone, or cancel the scheduled disbursement. Finance Specialists have the option to approve or reject. In order to release the scheduled disbursement, its status must be changed to 'ready for release'.

**Focused portfolios.**

Scheduled disbursements approved in the AFD are authorized by the FPM and PST Specialist through a no-objection basis, except when the disbursement is modified, postponed, or cancelled, or requires additional sign-off due to an exceptional case.

31. For Disbursements, the Financial Services Team perform a final compliance and due-diligence review for all portfolios, prior to the release of the disbursement, in the same way they do for the approval of an AFD (please refer to the Financial Services review in the AFD Approval section).

**3. Communicate Disbursement**

32. A **Disbursement Notification Letter** is sent to the PR and/or third party to inform them of a disbursement made.
33. The Country Team provides additional<sup>44</sup> contextual information to the PR if the relevant disbursement amount differs from what was originally approved in the AFD.

**C. Specific Multi-Country Considerations**

34. The standard approach defined above also applies to multi-country portfolios and grants.

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<sup>43</sup> For portfolios with DFMs the recommendation and submission is done by the DFM and approved by the SFPM.

<sup>44</sup> The CT can only provide additional text to the system-proposed text.

## Annex 1. Requirement Levels by Portfolio Category

Grant Deliverables	Requirement by Portfolio Category			
	High Impact & Core	Focused		
		Aligned	Targeted	Light
<b>Decide on Annual Funding</b>				
<ul style="list-style-type: none"> <li>Completed and approved annual decision-making form</li> </ul>	R		R	
<ul style="list-style-type: none"> <li>Updated risks and mitigating measures<sup>45</sup></li> </ul>	R		---	
<ul style="list-style-type: none"> <li>AFD Notification Letter sent to PR</li> </ul>	R		R	
<b>Disburse Funds</b>				
<ul style="list-style-type: none"> <li>Confirmed and approved Disbursement</li> </ul>	R		R	
<ul style="list-style-type: none"> <li>Disbursement Notification Letter sent to the PR and/or third party</li> </ul>	R		R	
Level of Requirements: R= Required BP = Best Practice --- =Not required				

<sup>45</sup> For focused Portfolios, updated risks and mitigating measures are not documented in IRM during grant-making and will not be available during AFD.