

SECTION C – ACCESS TO FUNDING

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C. ACCESS TO FUNDING

C1 Introduction

This section provides an overview of the types of LFA services which may be requested leading up to the signing of Global Fund grants. It does not replace other available guidance documents on Access to Funding, which provide a detailed description of the relevant processes and requirements.

It is important to note that LFA involvement in Access to Funding related processes will be tailored on a case by case basis, as is generally the case for services provided by LFAs. The tailoring will be based, among other factors, on the country context and risk profile, the available funding level, past experience with implementers and implementation arrangements, and information requirements of the Global Fund Country Team.

As described in section B of this Manual, services requested from the LFA must be included into the annual LFA Work Plan, and the exact scope of work and Level of Effort must be agreed between the Country Team and LFA before the commencement of services.

As is generally the case, when undertaking services related to Access to Funding, the LFA must be vigilant to maintain its independence so as to avoid any real, potential or perceived conflict of interest.

It is important for LFAs to be familiar with the latest guidance available on the funding model and Access to Funding-related processes when performing services:

- The Operational Policy Manual outlines Board-approved policies and agreed approaches for their implementation¹.
- The Global Fund has dedicated a section of its website to the funding model, providing relevant information for prospective applicants and other interested parties².
- When performing services, LFAs must use the latest guidance and tools made available by the Global Fund on the dedicated LFA page on the Global Fund website³.

The New Funding Model

At the end of 2012 the Global Fund Board decided to fundamentally change the Global Fund's funding model.⁴ After a transition period in 2013, the new funding model was fully rolled out in 2014.

The new funding model is designed to enable the Global Fund to invest its resources most strategically and to achieve maximum global impact by supporting the scale up of interventions and activities to defeat the three diseases. It incorporates several new features that change how applicants apply for and receive grant funding and manage their grants. These are:

- Flexible timelines so applicants can apply when ready, and to allow for funding to align with national cycles
- A streamlined application process
- Improved predictability of the overall process, through greater engagement of the Global Fund Secretariat

¹ Published on the Global Fund website <http://www.theglobalfund.org/en/documents/operational/>. Refer in particular to the Operational Policy Notes on Grant-Making and Approval.

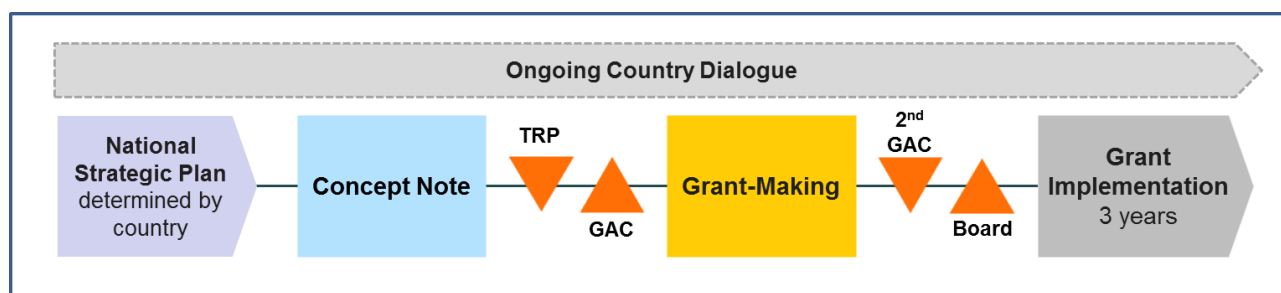
² See <http://www.theglobalfund.org/en/fundingmodel/>, including the detailed "Resource Book for Applicants".

³ Available on the dedicated Global Fund website <http://www.theglobalfund.org/en/lfa/documents/>

⁴ See Global Fund Board decision *Evolving the Funding Model* GF/B27/DP7.

- Enhanced engagement by means of ongoing country dialogue, including with the Global Fund, before Board approval
- Improved predictability of funding by means of the allocation process.

An application for funding under the new funding model takes the form of a concept note. Concept notes are typically submitted by a Country Coordinating Mechanism (CCM) and are based on a National Strategic Plan (or an Investment Case, for HIV/AIDS).⁵ They are reviewed by the Technical Review Panel (TRP) and the Grant Approvals Committee (GAC). Following this first set of reviews, the Global Fund Secretariat engages with the nominated Principal Recipient(s) in a grant-making process, and the final grants are reviewed once more by the Grant Approvals Committee before being presented for Board approval. The various elements of this process are further elaborated below.



⁵ Though this represents the majority of funding applications to date, other options are possible, e.g. the submission of non-CCM or regional applications and submissions based on “investment cases,” for HIV/AIDS rather than full national strategies. Additional information and special provisions relating to these scenarios can be found in the above mentioned guidelines and resources.

C2 Key Processes and LFA Services

The following sections provide a brief overview of some of the key processes linked to Access to Funding and possible LFA services in support of these processes.

C2.1 Eligibility and Allocation

Eligibility to receive a Global Fund funding allocation is established through the Eligibility and Counterpart Financing Policy. The Global Fund annually publishes an eligibility list indicating the countries and components that are eligible to receive funding from the Global Fund.

The funding allocation is generally made for a period of three years, referred to as an allocation period.

The allocation process leads to a predictable level of funding (referred to as *country allocation* or *allocated funding*) that may be available to countries for the relevant allocation period. The Global Fund approves allocations in four country bands:

Band 1 lower income higher burden	Band 3 higher income higher burden
Band 2 lower income lower burden	Band 4 higher income lower burden

The Operational Policy Manual sets out the allocation process, which takes into account a global disease split, available resources, country bands, and disease burden and income level, along with qualitative factors to establish a country's disease allocation. Within the allocation amount, countries have the flexibility to adjust their program split between the disease components and cross-cutting health systems strengthening in line with national priorities. The proposed program split will be reviewed and approved by the Global Fund.

The Board decision approving the new funding model indicates the possibility that some countries obtain *incentive funding* on top of the allocated funding amount.

Under the new funding model, countries are encouraged to submit their full expression of demand for the disease, which is the total funding needed for an appropriate response to the disease. Their allocation should fund the highest priority interventions outlined in the concept note. By presenting a full expression of demand, an applicant will submit a funding request for its allocation and an 'above allocation amount'. Eligible applicants can compete for incentive funding with the above allocation request to cover another portion of their prioritized need.

It is anticipated that the demand will exceed funding available to countries. As such the above allocation amount that cannot be funded and that is deemed technically sound by the Technical Review Panel (referred to as *unfunded quality demand*) will be recorded for the purpose of potential funding by eligible donors, or if additional Global Fund resources are released, subject to FOPC approval.

Programs supported by the Global Fund are required to comply with the counterpart financing requirements established by the Global Fund.⁶

⁶ An exception to this rule is granted to regional applications; please refer to the relevant guidelines for further information.

LFA Role and Services relating to Eligibility and Allocation

The LFA is not involved in the processes for determining eligibility and allocation amounts of Global Fund funding.

C2.2 Country Dialogue

Country dialogue is the ongoing process at the country level among a broad range of stakeholders to develop health strategies to fight the three diseases and strengthen health and community systems. It includes the government, the private sector, civil society, academia, key affected populations and networks and partners. The Global Fund is an active participant in the country dialogue, but this nationally-owned and -led process is not Global Fund-specific.

The country dialogue is a key part of the new funding model at all stages of the grant cycle, from concept note development to grant implementation. The country dialogue should ensure that the development of a grant and its implementation are embedded within the larger context of the country's health sector strategy.

Prior to the concept note development, the country dialogue should deal with key factors such as the national health sector strategy, CCM governance, timelines, country-level program split and implementation arrangements, among others. The Operational Policy Note on Access to Funding provides additional information regarding these areas.

LFA Role and Services relating to Country Dialogue

Normally, the LFA does not directly participate in the country dialogue. In exceptional cases, the LFA may be requested by the Global Fund Country Team to attend specific meetings on behalf of the Global Fund as an observer. This must, however, be agreed based on clear Terms of Reference to ensure the LFA's independence is safeguarded such that the LFA would not be part of defining the program that they will later be requested to assess.

C2.3 Concept Note Development and Review

The term *concept note* refers to the actual application for funding. The concept note contains a description of the country context, funding landscape, the funding request, implementation arrangements and risk assessment. It also includes an annex describing interventions and targets and costs. The concept note is intended to capture how impact will be maximized through the Global Fund investment.

The Modular Approach

With the new funding model the Global Fund also introduced the modular approach, a unified system to structure applications for funding as well as subsequent grant documents and reporting. The modular approach allows Global Fund grants to be organized according to disease specific and/or health system strengthening modules, which are composed of multiple interventions and related indicators, targets and costs. The modular approach helps describe the relationship between what is planned, what results are expected, and how much it will cost. The comprehensive list of modules and interventions has been drawn from the investment guidance of major agencies including WHO and UNAIDS and is part of the material available to applicants in support of the concept note development and grant-making. From this list, applicants can select modules, interventions and activities to be included in their concept note. Following the review process, these

will be further detailed at the grant-making stage.

A module is an area of programming, such as vector control and case management for malaria; DOTS and MDR-TB for tuberculosis; prevention for general population, and ART treatment and care for HIV. During the concept note stage, the applicant selects a set of modules and interventions for the funding application.

An intervention refers to a specific set of activities designed to achieve the objectives related to each module. During the grant-making stage, each approved intervention is further defined by identifying and describing the activities required. During grant implementation, progress of each intervention is monitored as laid out in the prior stages. Modules and interventions replace the reference to Service Delivery Areas used in grant documents in the past.

The Global Fund publishes dates for submission of concept notes and corresponding review windows. Applicants must sign up for a review window.

In the majority of cases, one concept note is developed for each disease and health-system strengthening component, based on templates available on the Global Fund website. However, for countries with a high rate of HIV-TB co-infection, one single concept note is required to cover both diseases.

The applicant leads the process to develop the concept note. The applicant may be a Country Coordinating Mechanism, Non-Country Coordinating Mechanism, Regional Coordinating Mechanism or Regional Organization. The Global Fund provides guidance on the concept note template and the information to be included, and facilitates engagement with partners.

It is possible to have different types of applications:

1. An application by a single country for one of the three diseases, made by a Country Coordinating Mechanism. To date the majority of applications received by the Global Fund fall into this category.
2. A TB and HIV joint applications is a single tuberculosis and HIV concept note that presents an integrated and joint program for the two diseases. Submission of a joint HIV and TB application is required for those countries that have a high burden of co-infection with TB and HIV and are allocated funding to both diseases.
3. Health system strengthening applications can be done by including a cross-cutting health systems strengthening module under one or more disease concept notes, or developing a stand-alone health system strengthening concept note.
4. A regional application is an application from a group of countries within the same geographic region (or a regional organization) aimed at addressing common issues such as cross-border interventions and structural barriers that impede access to services. It will typically only include activities and interventions that cannot be funded effectively through a country allocation due to their inherently regional nature. Regional applicants must first submit an Expression of Interest for Global Fund review. Only eligible and strategically focused applications are then invited to submit a concept note.
5. Multi-country applications are combined applications from small island economies and/or other small countries that typically do not apply as individual countries and are submitted normally through a Regional Coordinating Mechanism. The allocation amount will come from the individual country allocations.
6. Non-CCM applications: In limited situations, the Global Fund allows concept notes to be submitted by applicants other than Country Coordinating Mechanisms. This may occur in countries without a legitimate government; countries in conflict, facing natural disasters, or in complex emergency situations; or countries that suppress or have not established partnerships with civil society and non-governmental organizations.



Applicants are encouraged to make ambitious and prioritized requests reflecting their full expression of demand. The lifetime of the grant requested is generally three years under the new funding model, although some exceptions may apply.

Following its submission, a concept note will be reviewed by the Global Fund. This includes a screening for completeness and requirements by the Secretariat, a review by an independent panel of international experts, called the Technical Review Panel, and finally a review by the Secretariat's governance body for reviewing and determining funding levels for concept notes, called the Grant Approvals Committee..

The initial screening of the concept note by the Global Fund Secretariat reviews firstly a Country Coordinating Mechanism's eligibility, focusing on the requirements for inclusive concept note development and transparent Principal Recipient nomination, and the management of conflicts of interest (CoI).⁷ It secondly considers the concept note itself for completeness and addresses initial issues that could cause future delays in grant-making or implementation.

To ensure programs are positioned to achieve the highest impact, the Technical Review Panel will review the concept note for strategic focus and technical soundness. It provides an overall assessment, including prioritization of proposed interventions, and gives funding recommendations on the allocation and above allocation request, including incentive funding. It may recommend a further iteration of a concept note and may identify issues to be clarified or addressed during grant-making or implementation. The Technical Review Panel provides recommendations to the Grant Approvals Committee.

The Grant Approvals Committee, in its first review of the concept note, considers the Technical Review Panel's recommendation and any issues raised, before recommending an upper-ceiling amount for grant-making (including any incentive funding). It also considers the Technical Review Panel's recommendation for the amount of unfunded quality demand to be added to the register, if any.

LFA Role and Services relating to Concept Notes

The LFA must not take part in the development of a concept note.

In exceptional cases, the LFA may be requested by the Global Fund Country Team to attend some specific meetings related to the development of some elements of the concept note as observers. This must be based on clear Terms of References to ensure the LFA's independence is safeguarded. The detailed scope of work and Level of Effort must be agreed between the LFA and the Fund Portfolio Manager before the services take place.

LFAs are also generally not requested to review the concept note.

In some rare situations, an LFA may be asked to review and provide a commentary on some aspects of the concept note, if the Global Fund has an explicit need for the LFA's input, for example to verify or provide additional information. Any such requests and the Global Fund's information requirements will be discussed with the LFA upfront to ensure there is a clear understanding of what is required, including an agreement on the detailed scope of work and Level of Effort.

⁷ Please refer to the CCM webpage <http://www.theglobalfund.org/en/ccm/guidelines/>.

C2.4 Assessment of Principal Recipient / Key Implementer Capacity

When the Country Coordinating Mechanism nominates one or more Principal Recipients, it is expected, in accordance with the CCM Eligibility Requirements and relevant Global Fund policies, to assess each nominated Principal Recipient against a set of minimum standards and to capture this assessment in the concept note.

Building on the information provided by the Country Coordinating Mechanism, the Global Fund Secretariat undertakes a further capacity assessment of the Principal Recipient and, as relevant, other key implementers nominated (such as key sub-recipients). The Global Fund will decide which implementers to assess based on an initial exercise to map the implementation arrangements.⁸ In principal, the assessment of sub-recipients falls under the responsibility of the Principal Recipient. However, if the Principal Recipient has known capacity issues or is not deemed sufficiently independent to conduct a thorough assessment of key implementers that are critical to grant implementation and achieving impact, or the Country Team has another reason to request independent assessment of certain implementers, the Country Team may extend the scope of the capacity assessment to key implementers, whether they are formally sub-recipients or not.⁹

The assessment of systems and capacities is done using the *Capacity Assessment Tool* and covers the following areas:

- Monitoring and Evaluation
- Procurement and Supply Management
- Financial Management and Systems
- Governance and Program Management (including Sub-Recipient Management)

Before conducting any related services, an LFA must familiarize itself with relevant guidance documents, including the *Capacity Assessment Tool User Guidance*.

The assessment of capacity should begin once the Principal Recipient and other key implementers have been nominated, possibly even before the concept note is submitted, and must be completed during grant-making.

The capacity assessment serves to ensure that the proposed implementation arrangements, systems and capacities of key grant implementers are adequate for effective financial and programmatic management of the grant funds with the aim of achieving maximum impact against the three diseases. Based on the results of the capacity assessment, the Global Fund may propose capacity strengthening and mitigating measures for identified capacity gaps and risks, or changes to implementation arrangements.

LFA Role and Services relating to Capacity Assessments

The LFA may be requested to provide input on one or more areas of the capacity assessment, as specified by the Global Fund.

The capacity assessment is led and finalized by the Global Fund Country Team based on information provided by the LFA, among others. Ahead of the requested services taking place, the Global Fund Country Team will

⁸ The implementation arrangement map is visual depiction of which implementer will be doing what with what portion of grant funds. Please refer for a more detailed description of the Implementation Arrangement Mapping to section D3.7 of this Manual.

⁹ Section D3.2 provides additional information on key implementer / sub-recipient assessments that may be requested during ongoing grant management, including a number of circumstances that may trigger the LFA to be called upon to undertake a key-implementer/sub-recipient assessment.

determine, in consultation with the LFA, the specific areas for which it would like the LFA to provide an assessment, and agree the timing, scope of work and Level of Effort.

The scope of work and Level of Effort for the LFA's assessment is tailored to each instance. Factors influencing the tailoring include:

- known risks and the specific requirements of the grant,
- past experience of a key implementer with Global Fund grants (e.g. new or existing implementer),
- the respective role of key implementers, and
- available information, e.g. donor reports, recent Global Fund and LFA assessments, etc.

For example, if an implementation arrangement map shows that the majority of the funds will be channeled through certain sub-recipients, then the LFA may be requested to focus relevant aspects of its assessment on these entities.

C2.5 Grant Making and Approval

Grant-making translates the concept notes and the Technical Review Panel and Grant Approvals Committee review outcomes and recommendations into disbursement-ready grants for Board approval and signature.

As part of this process, the Principal Recipient/key implementer capacity assessment and the implementation arrangement map, as described above, must be finalized.

Importantly, taking into consideration the Technical Review Panel and Grant Approvals Committee review results and recommendations, the Global Fund, represented by the Country Team, and the nominated Principal Recipient(s) will negotiate and finalize the grant's indicators and targets, as well as the detailed budget. This will be done using a standardized approach, based on modules, interventions and cost inputs.¹⁰ If applicable, the Principal Recipient will also be requested to provide a list of health products, quantities and estimated costs. Standardized templates for these key documents, as well as key reference documents such as the guidelines for budgeting in Global Fund grants, are available and must be used by Principal Recipients.

As part of grant-making, audit arrangements are also agreed upon, in line with the Global Fund auditing guidelines.¹¹ Principal Recipient key data, authorized signatories and bank account details are provided and verified. Finally, a grant agreement is prepared as the legal instrument that forms the basis of the contractual relationship between the Global Fund and the Principal Recipient.

A grant must be disbursement-ready before it is submitted to the Board for approval. This is when all required grant documents are in their final form and agreed with the Principal Recipient, adequate risk mitigation measures have been put in place, and all critical issues to be resolved before first disbursement have been addressed.

Disbursement-ready grants will be reviewed for a second time by the Grant Approvals Committee before being submitted to the Board. This review covers the outcomes of the grant-making process. The Committee will either decide to recommend the proposed grant for Board approval or refer the proposed grant back for revisions or adjustments or, where changes between the final grant and the concept note are considered material, refer the proposed grant back to the Technical Review Panel.

¹⁰ Please refer to the description of the Modular Approach in section C2.3.

¹¹ See *Guidelines for Annual Audits of Global Fund Grant Program Financial Statements*.

The Global Fund Board approves the final amount for the disease component and the scope of interventions and investments negotiated by the Global Fund.

Each grant agreement is signed as soon as possible after Board approval; following which the disbursement of funds and grant implementation begins.

LFA Role and Services relating to Grant Making

Upon request by the Global Fund Country Team, the LFA may undertake a tailored review of grant documents, such as the detailed budget, indicators, targets and assumptions and the list of health products, quantities and estimated costs.

The LFA is not required to systematically review all these documents. Instead, the review will be tailored to the specific grant and information requirements of the Country Team; the Country Team will agree with the LFA the required scope and Level of Effort for the LFA review. The Country Team and LFA should also agree on the timeline and format to report the LFAs findings and recommendations.

When reviewing grant documents, the LFA in most cases is not required to review the Monitoring & Evaluation plan. Equally, in most cases the LFA is not expected to review and comment on the National Strategic Plan; however, it should report to the Global Fund relevant information it becomes aware of, e.g. on the status and recommendations made by the government and technical partners.

In support of the grant-making process, the LFA should finalize any capacity assessment of the Principal Recipient/key implementers, as requested by the Global Fund (see previous sub-section C2.4).

For any work that may be requested in relation to audit arrangements, the LFA should refer to the available guidelines and templates, including section D3.3 of this Manual.¹²

Finally, the LFA may be requested by the Country Team to perform an in-country verification of the Principal Recipient core data and bank account details provided by the Principal Recipient.

The bank account verification, which should be provided using available templates¹³, entails the following:

- validation of submitted information with any relevant bank account details used for existing Global Fund grants for the same Principal Recipient;
- confirmation with the Principal Recipient on the documents provided and may seek direct bank confirmation in the event the Principal Recipient has not provided the LFA with appropriate evidence to the satisfaction of the LFA on the nature of the bank account (current or deposit, whether interest bearing or not and any transaction costs associated with the use of the account), the currency of the account, as well as any intermediary bank account details;
- provision of an assurance¹⁴ regarding the good standing of the bank (and intermediary bank, if applicable) based on available data, and also an assurance that the branch is properly registered in the country, and lastly, a confirmation whether the services provided by the bank in accordance with the

¹² Notably the *Guidelines for Annual Audits of Global Fund Grant Program Financial Statements* and the *LFA Review of the Global Fund Grant Audit Arrangements and Audit Reports template* available on the Global Fund website (<http://www.theglobalfund.org/en/lfa/documents/>).

¹³ Available on the Global Fund website (<http://www.theglobalfund.org/en/lfa/documents/>)

¹⁴ This provision should be done through a 'negative assurance' which is a representation that particular facts are believed to be accurate since no contrary evidence has been found by the LFA.

agreement between the Principal Recipient and the bank correspond to the grant agreement requirements.

Pre-financing Grant Making and Start-up Activities

In order to support and expedite grant-making and signing, as well as program delivery, with minimal delay for new Principal Recipients, the Global Fund allows the pre-approval of certain expenditures that may be made prior to the signing of a grant, to be funded from the grant. Such expenditures may be pre-financed either using resources of the Principal Recipient which will be reimbursed from the grant after its approval by the Board and signature; or a transfer of funds from the Global Fund to the Principal Recipient prior to signing a grant agreement, which will eventually be recovered from the amount of grant funds approved by the Board.

The process and detailed requirements concerning such pre-financing is set out in the *Operational Policy Note on Pre-Financing Grant Making and Start-up Activities*.

Reference Documents

The Global Fund website has a dedicated section containing information on the funding model and Access to Funding (<http://www.theglobalfund.org/en/fundingmodel/>)

The Global Fun's Operational Policy Manual is published on the following site:
<http://www.theglobalfund.org/en/documents/operational/>

Specific guidelines, tools and templates for LFAs are available on the LFA section of the Global Fund website (<http://www.theglobalfund.org/en/lfa/documents/>), including information on the Capacity Assessment Tool.