Operational Policy Manual
Note to External Readers

This Operational Policy Manual is a compilation of Global Fund operational policies and procedures relating to grant life cycle processes. The Operational Policy Notes (OPNs) and Operational Procedures contained in the Manual are based on policies approved by the Global Fund Board and grant life cycle management approaches developed by the Global Fund Secretariat.

The OPNs and Procedures are updated, as necessary, to reflect changes in grant life cycle management policies and approaches. The Global Fund reserves the right to interpret the OPNs and Procedures set out in the Operational Policy Manual.

Questions relating to their application to specific Global Fund-supported programs should be addressed to the relevant Fund Portfolio Managers.

Questions of a general nature that are not program-specific should be addressed to: operationalefficiency@theglobalfund.org.
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Introduction

This Operational Policy Manual is a compilation of Global Fund Operational Policy Notes (OPN) and Operational Procedures relating to grant life cycle processes.

For each grant life cycle process, the OPNs define principles, rules and requirements while Operational Procedures provide the detailed step-by-step guidance to operationalize the rules and requirements. The OPNs and Operational Procedures go through an internal review and approval process before they are issued.

The rules and requirements as well as procedures are differentiated based on portfolio category (high impact, core and focused) in line with the Global Fund differentiation framework. The portfolio categorization exercise is undertaken for each allocation cycle based on the amount of country allocation and disease burden. The portfolio categorization for the 2023-2025 allocation period is presented below. The classification for the 2020-2022 allocation period continues to apply to grants funded under the 2020-2022 allocation.
## 2023-2025 Portfolio Categorization: Country and Multicountry*

<table>
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<th><strong>CORE</strong></th>
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<td><strong>1. Afghanistan</strong></td>
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<td><strong>2. Armenia</strong></td>
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<td><strong>3. Azerbaijan</strong></td>
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<td><strong>6. Bhutan</strong></td>
<td><strong>6. Chad</strong></td>
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<td><strong>10. Colombia</strong></td>
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<td><strong>Multi-country Western Pacific</strong></td>
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</table>

* Multicountry categorization only covers combined allocation multicountry programs. Regional grants funded from the Multicountry Strategic Initiative will be categorized following approval of allocation for each grant based on the categorization criteria for multicountry portfolios. Exceptions to the criteria to be approved by EGMC.
* Countries eligible but not receiving 2023-2025 allocation not categorized.
* Zanzibar categorized as Focused but managed by HI Africa 2 Department; Malawi and Cameroon categorized as High Impact but managed by AME Department.
## 2020-2022 Allocation Period:
Portfolio Categorization - Country and Multicountry

### FOCUSED
- Armenia
- Azerbaijan
- Belarus
- Belize
- Bhutan
- Bolivia
- Botswana
- Cabo Verde
- Colombia
- Comoros
- Costa Rica
- Cuba
- Djibouti
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Gabon
- Georgia
- Guyana
- Honduras
- Iran (Islamic Republic)
- Jamaica
- Kazakhstan
- Kosovo
- Kyrgyzstan
- Lao PDR
- Malaysia
- Mauritania
- Mauritius
- Moldova
- Mongolia
- Montenegro
- Morocco
- Nicaragua
- Paraguay
- Peru
- Russian Federation
- Sao Tome and Principe
- Serbia
- Solomon Islands
- Sri Lanka
- Suriname
- Tajikistan
- Timor-Leste
- Tunisia
- Turkmenistan
- Uzbekistan
- Venezuela
- Zanzibar

### CORE
- Afghanistan
- Angola
- Benin
- Burundi
- Central African Republic
- Chad
- Congo (Brazzaville)
- Eritrea
- Eswatini
- Gambia
- Guinea
- Guatemala
- Guinea Bissau
- Haiti
- Korea (DPR)
- Lesotho
- Liberia
- Madagascar
- Namibia
- Nepal
- Niger
- Papua New Guinea
- Rwanda
- Senegal
- Sierra Leone
- Somalia
- South Sudan
- Sudan
- Togo
- Ukraine

### HIGH IMPACT
- Bangladesh
- Burkina Faso
- Cambodia
- Cameroon
- Congo DR
- Côte d’Ivoire
- Ethiopia
- Ghana
- India
- Indonesia
- Kenya
- Malawi
- Mali
- Mozambique
- Myanmar
- Nigeria
- Pakistan
- Philippines
- South Africa
- Tanzania
- Thailand
- Uganda
- Viet Nam
- Zambia
- Zimbabwe

**Notes:**
- Multicountry Western Pacific
- Multicountry Caribbean
- All Regional Grants except MOSASWA
- Middle East Response
- MOSASWA
- Regional Artemisinin-resistance Initiative

- Multicountry categorization only covers combined allocation multi-country programs. Regional grants funded from the 2020-2022 Multi-country Modality (Catalytic Investments) will be categorized following approval of allocation for each grant and based on the categorization criteria for multi-country portfolios. Exceptions to the categorization criteria to be approved by EGMC.
- Countries eligible but not receiving 2020-2022 allocation not categorized.
- Cameroon and Malawi categorized as High Impact but located in AME. Zanzibar categorized as focused but located and managed with Tanzania in HIA2.
- Regional Grants are multi-country grants financed from the 2020-2022 Multicountry Strategic Initiative. Exception for MOSASWA approved by EGMC in June 2023.
An applicant submits a funding request to the Secretariat reflective of the allocation from the Global Fund, its national strategy, and the outputs of an extensive multi-sectorial country dialogue process among the applicant, technical partners, donors (including the Secretariat) and civil-society organizations. Once the funding request is reviewed by the TRP, the grant-making process begins.

The Country Team enters into negotiations with the PRs and CCM to develop disbursement-ready grants that are submitted to the Grant Approvals Committee for review and recommendation to the Global Fund Board.
Operational Policy Note

Design and Review Funding Requests

Issued on: 12 January 2023
Approved by: Executive Grant Management Committee
Process Owner: Access to Funding Department
Sub-Process Owner: See Annex 1
Associated Procedures: Operational Procedures on Design and Review Funding Requests

Process metrics for the OPN on design and review funding requests: Forthcoming

Overall Objective

1. The objective of this Operational Policy Note (OPN) is to ensure funding requests are well designed and effectively reviewed to support the Global Fund in achieving maximum impact, in line with the Global Fund’s 2023-2028 Strategy (Fighting Pandemics and Building a Healthier and More Equitable World). The funding request design and review process is guided by the Global Fund Framework Document, the Global Fund Strategy, the Sustainability, Transition and Co-Financing Policy and the Technical Review Panel (TRP)’s Terms of Reference.

Operational Policy

2. As illustrated in figure 1 below, the Global Fund supports continuous dialogue and implementation of impactful programs throughout the grant lifecycle. This OPN focuses on the funding request design and review stages and defines the end-to-end process and associated requirements for accessing country allocations for the 2023-2025 allocation period onwards. Figure 2 below shows the key steps of this process, which will be described in more detail in the following sections. For guidance on accessing other sources of funding, please refer to Annex 3.

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1 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 Grant Regulations (2014).
2 This includes multicountry applicants that will access funding through combined country allocations. It does not include, however, multicountry applicants that will access funding through catalytic funding.
Figure 1. The funding request design and review process in the context of the grant lifecycle.

Figure 2. Key steps of the funding request process.
I. Define and Communicate

Determine application approach

3. Differentiated application and review approaches. To accommodate the diverse portfolio needs and support the continuation of disease programs from one allocation period to the next, there are different types of funding request and review approaches. Based on the characteristics of each portfolio, the Grant Approvals Committee (GAC) determines the most suitable type of funding request and corresponding review approach for each country component. This will be communicated to the applicant in the allocation letter. The types of application and review approaches are the following:

i. Program continuation. The program continuation approach focuses on continuing well-performing programs that do not need major changes to the program design or the implementation arrangements. Identified country components (based on criteria to be determined by the GAC) can access the allocation through a streamlined process, which significantly reduces the level of effort required by the applicant, the Global Fund Secretariat and the TRP during the funding request and review stages. This approach is available only to countries categorized as High-Impact or Core.

ii. Tailored for National Strategic Plans (NSP). Country components may be invited by the Global Fund to use the country’s National Health and/or Disease-Specific Strategic Plan(s) to complete the funding request. The invitation to use this approach is based on defined criteria that include, but are not restricted to, risk levels, the applicant’s willingness and preparedness to use their NSP as the main source of information for their application, grant and national program performance, support from multi-lateral and bilateral partners, etc. This approach is intended to significantly reduce the amount of information to be included in the funding request by referring to specific sections of the NSP and/or other relevant national documents.

iii. Full review. This type of application is aimed at a comprehensive overall review of a country’s investment approach and strategic priorities and applies to High-Impact and Core country components that are not invited to submit a program continuation or tailored for NSP application.

iv. Tailored for transition: This application is required for country components that:
   a) are receiving transition funding; or b) are projected to move to high-income status; or c) previously received transition funding and have become re-eligible and received an allocation; or d) are using a transition workplan as the basis of their funding request; or e) are requested by the Global Fund to submit a Tailored for Transition funding request because of contextual considerations.

3 This refers to the eligible disease components and RSSH where applicable.
4 As of December 2022.
5 As of December 2022.
6 Countries or components funded under an existing grant that no longer meet eligibility criteria may receive funding for up to one additional allocation period following their change in eligibility status (Transition Funding), as detailed in the Eligibility Policy.
7 Please refer to Projected Transitions from Global Fund Support by 2026.
8 Instances where the Global Fund may make such decision are for countries where the Global Fund determines that the country should account better for transition preparedness in their funding applications and other circumstances. See the Sustainability, Transition and Co-Financing Policy, GF/B35/04 and the Guidance on Transition, Sustainability and Co-Financing of Programs Supported by the Global Fund (STC Guidance).
v. **Tailored for focused portfolios.** Country components categorized as *Focused* that are not invited to use the Tailored for NSP or Tailored for Transition approaches, will use the Tailored for Focused Portfolios application approach. Given the characteristics of these portfolios (i.e., significantly smaller allocation compared to Core and High-Impact countries and, often, to the country national health budgets), this approach is aimed at streamlining the information requested, by focusing investments on a few areas to achieve the highest impact and minimize transaction costs. A subset of Focused countries invited by the Global Fund, may submit innovative application requests, in consultation with the Global Fund Secretariat and the TRP, to explore further reduction in transaction costs and greater alignment with country processes.

4. The applicant may propose to change the application and review approach communicated in the allocation letter, based on the outcome of in-country discussions. If the applicant wants to change the application approach, this needs to be discussed and agreed with the Global Fund Secretariat\(^9\) before submitting the Funding Request. Figure 3 below provides a graphic view of the rules for changing the application and review approach. All requirements set out in paragraph 3 above continue to apply.

**Figure 3.** Possible opt-ins and opt-outs displayed in this figure can be agreed between the applicant and the Country Team, with a notification to Access to Funding.

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9 If the change is within the parameters authorized in Figure 3, then the change can be agreed between the applicant and the Country Team, with a notification to the Access to Funding Department. Opt-ins and Opt-outs outside the parameters authorized in Figure 3 must be escalated to GAC for approval.
Communicate allocation

5. The Global Fund Eligibility Policy sets forth eligibility criteria to determine which country components may qualify to receive an allocation from the Global Fund.\textsuperscript{10}

6. **Country allocation.** This is the initial upper ceiling of funding made available by the Global Fund for each eligible country across all eligible disease components for the applicable allocation period, in line with the Allocation Methodology. This funding may be supplemented by other sources of funds (please see Annex 3), or may be reduced, for example, due to outstanding recoveries or if co-financing requirements\textsuperscript{11} from the previous allocation period have not been met. Unused funding from the previous allocation period\textsuperscript{12} (e.g., undispersed funds, in-country cash balances, cash balances at the procurement agent level), and any recovered funds relating to disbursements made with grant funds arising from the previous allocation period cannot increase a country allocation. Please see the Global Fund Guidelines for Grant Budgeting for further details.

7. **Timeframe to use allocation.** The Allocation Utilization Period (AUP) is the standard period of three years\textsuperscript{13} during which the country allocation per component can be utilized to implement grants. For grants continuing to the next allocation period, the AUP starts the day after the Implementation Period end date. Any extension to grants from the previous cycle will consume funds and time from the new AUP and reduce the remaining duration and funding for the next grant. If the AUP is shorter than what is communicated in the allocation letter, the allocation funding available for the new grant(s) related to the same component is adjusted proportionately.

8. **Timeframe to access allocation.**\textsuperscript{14} For each country, the available allocation for eligible components can be accessed, jointly with other components or separately by each component, once per allocation period. The associated grant must be approved by the Board prior to the end of the allocation period (i.e., by 31 December 2025 for the 2023-2025 allocation period). Applicants should consider the end date of their existing AUP and adequately plan for the submission of the funding request, registration for a TRP window and subsequent grant-making timelines in order to complete the full process well ahead of the end of the existing AUP.

9. Applicants granted an allocation are notified through the allocation letter of the following information:
   - Allocation amount for eligible disease component(s) and AUP start and end dates;
   - Type of applicant;\textsuperscript{15}
   - The application and review approach;
   - Applicable catalytic funds\textsuperscript{16} and related programmatic and access conditions;
   - Guidance on co-financing requirements and commitments; and

\textsuperscript{10} The 2023 Eligibility List determines which country components are eligible for an allocation for the 2023-2025 allocation period. Eligibility to receive an allocation does not guarantee allocation or funding.

\textsuperscript{11} Please refer to the OPN on Co-Financing (link forthcoming).

\textsuperscript{12} For the purpose of this OPN, this only refers to unused allocation funds and excludes C19RM-related funds.

\textsuperscript{13} Variations from the three-year standard period may be allowed for joint funding requests where start and end dates for the different grant components are misaligned and in other circumstances on an exceptional basis. These will be communicated to concerned applicants through the allocation letter.

\textsuperscript{14} Portions of the allocation may be used earlier than at the start of a new implementation period (for example through the extension of the previous implementation period or advance payments).

\textsuperscript{15} The type of applicant refers to: CCM, Non-CCM, RCM or RO. Please refer to the Country Coordinating Mechanism Policy Including Principles and Requirements for more information.

\textsuperscript{16} If designated for the country component in the 2023-2025 allocation cycle.
- Other specific financial/technical conditions and/or guidance relevant to the country/component(s)\textsuperscript{17} to enable the applicant to proceed with funding request development and submission.

II. Plan, Develop and Submit

10. Following the receipt of the allocation letter, applicants develop the funding request to access their allocation. The process entails the following steps:

- Plan and ensure implementation readiness;
- Continue country dialogue;
- Decide on program split;
- Develop and submit funding request.

**Plan and ensure implementation readiness**

11. Applicants, together with implementers and Country Teams, plan the funding request and grant-making stages and deliverables in an integrated manner to ensure grants are signed at least one month before, and implementation-ready at the implementation period start date.

The Global Fund expects that all available opportunities to ensure implementation readiness are undertaken, including advancing grant-making priorities during the development of the funding request.

Applicants (particularly those using the program continuation approach or those with continuing Principal Recipient(s)), are strongly encouraged to engage with the selected Principal Recipient(s) early in the country dialogue process to develop and submit the following key documents in the level of detail required for grant-making\textsuperscript{1} in their submission to the Technical Review Panel (TRP):

i. The Performance Framework;
ii. The Detailed Budget; and
iii. The Health Product Management Template (HPMT), if applicable.

Implementation readiness can be further accelerated by initiating the selection and contracting of human resources, Sub-recipients and procurement partners early (where possible).

The advancement of grant-making is not recommended in cases where the applicant has concerns about the Principal Recipient’s performance and/or where the Principal Recipient is expected to change.

\textsuperscript{17} Such as allocation-related decisions or outcomes that have intended implications around use of funds (e.g. funding for pandemic preparedness, recoveries, continuation of essential services, or if countries are expected to be on a continued trajectory for significant reductions in allocations, etc.) and any other relevant information.
Continue country dialogue

12. An ongoing and inclusive country dialogue\textsuperscript{18,19,20} is expected to take place during the funding request development stage and throughout the grant lifecycle. The country dialogue at the funding request stage is led by the CCM\textsuperscript{21} and builds on National Strategic Plans and engagement with communities affected by the three diseases and in-country stakeholders.

13. Nominated Principal Recipients who have been selected following a transparent and documented process in accordance with the \textit{Country Coordinating Mechanism Policy} are involved in the development of the funding request to improve the speed and quality of grant-making and grant implementation.

14. The Global Fund Secretariat participates in the country dialogue and clarifies relevant policies and processes. They also ensure important thematic areas are brought to the overall discussion, including:
   a. Implementation issues that need to be addressed in the funding request;
   b. Relevant regional and country analysis based on (wherever possible) disaggregated data;
   c. Areas for focus and prioritization for the upcoming funding request, including pending issues from previous TRP and GAC reviews; and
   d. Development of co-financing commitments to support programmatic objectives.

15. \textbf{Support to country dialogue:} Support to country dialogue in preparation for a funding request submission needs to be addressed at the country level by in-country technical partners and using existing CCM funding resources\textsuperscript{22} (as described in the \textit{OPN on Country Coordinating Mechanism Funding}). In some cases, when applicants identify the need for additional technical support or advocacy during the country dialogue process, they can liaise with the Country Team to discuss possible options.

16. In qualifying cases (where additional funding is needed to support a meaningful country dialogue and an inclusive funding request development process), the applicant and the Country Team may explore the options below:
   a. Some strategic initiatives such as the Community Engagement Strategic Initiative\textsuperscript{23} and others can provide technical assistance to support the engagement of civil society, key populations, etc., or to strengthen specific areas of the NSPs.
   b. Reinvestment of savings from existing grants can support country dialogue up to a maximum amount of US$150,000 per component (please refer to the \textit{OPN on Grant Revisions} for further details on reinvesting savings). Global Fund grant funds,

\textsuperscript{18} For multicountry applicants, the dialogue must take place at the regional level and involve stakeholders from all countries included in the funding request.
\textsuperscript{19} In countries faced by acute or protracted emergencies as well as refugee influx, relevant humanitarian partners are expected to contribute to the country dialogue and share humanitarian needs and perspectives.
\textsuperscript{20} This refers to engaging a broad range of stakeholders, including members and non-members of the CCM, representatives of the civil society and communities affected by the three diseases, experts in health systems and other relevant experts depending on country context.
\textsuperscript{21} In instances where the applicant is not a CCM, the country dialogue process is led by stakeholders facilitating the development of the funding request.
\textsuperscript{22} At least 15% of the CCM Funding Agreement amount has to be allocated to support constituency engagement for non-governmental sector activities, including civil society and key population groups and to promote and improve the quality of stakeholder participation.
\textsuperscript{23} Civil society and community organizations interested in applying for technical cooperation under the Community Engagement strategic initiative can contact CRGTA@theglobalfund.org for more information.
however, cannot be used to cover the costs for a consultant or technical assistance to draft or write a funding request.

Decide on program split

17. When applicable (and before the submission of the first funding request for any disease component for the relevant portfolio), the applicant must confirm or propose a revision to the program split communicated in the allocation letter. While doing so, the applicant should be mindful of the following:

a. Applicants are advised to complete the programmatic gap tables and the resilient and sustainable systems for health (RSSH) gap analysis prior to discussing and deciding on the program split.

b. Applicants have to confirm or propose their revised program split no later than at the time of submitting their first funding request for any disease component for that portfolio, by completing the Program Split Confirmation Template (shared with the allocation letter). CCM endorsement is required for the Program Split Confirmation. The endorsement must be provided by: (i) the CCM Chair and (ii) the civil society representative if the CCM Chair is the representative of the Government, or the representative of the Government if the CCM Chair is the representative of civil society.

c. Applicants need to indicate the intended investment amount for cross-cutting RSSH activities/interventions from within the allocation for the disease components. This is required to identify synergies in system investments across the eligible diseases. Providing this information is not considered a program split change and does not require Global Fund Secretariat approval.

d. If a standalone RSSH grant is anticipated, applicants must use the Program Split Confirmation Template to indicate a new program split, with RSSH as a separate component. This is a program split change.

e. The applicant is only required to submit a justification for the proposed program split if the split is different from the one communicated by the Global Fund in the allocation letter. The decision-making process at the applicant level must be inclusive, justified and documented.

f. The Global Fund Secretariat also communicates in the allocation letter where allocation-related decisions or outcomes have intended implications around the use of funds, as identified through the qualitative adjustment process. Any changes to program split for those components is closely monitored.

g. The Country Team is required to be involved in the program split discussions to ensure a robust, inclusive process and a clear rationale underlying the CCM’s proposed program split.

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24 In the absence of the CCM Chair, endorsement by the Vice Chair is acceptable if in line with the CCM’s governing documents. For Non-CCM and RO applicants, only the endorsement of the applicant’s legal representative is required.

25 This is a new requirement for the 2023-2025 allocation period.
h. The Global Fund Secretariat’s approval of the program split must be obtained before the TRP reviews the applicant’s first funding request. The review and approval processes follow the rules below:

<table>
<thead>
<tr>
<th>Program Split</th>
<th>Approval Authority</th>
</tr>
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<tbody>
<tr>
<td>Change to component’s allocation is &gt; 15% and &gt; US$5 million (or the equivalent in EUR-denominated grants).</td>
<td></td>
</tr>
<tr>
<td>For a designated sub-set of countries identified at the time of qualitative adjustments, any change to program split triggers automatic elevated review.</td>
<td></td>
</tr>
<tr>
<td>Change moves component below the estimated cost of continuing essential services.</td>
<td>Elevated Review: Grant Management Division (GMD) Head, based on Country Team’s discussion with Grant Finance Manager (GFM), GMD Department Head (DH), Technical Advice and Partnership (TAP) Department and the Allocation Team.</td>
</tr>
<tr>
<td>Change impacts a qualitative adjustment to a component’s allocation that was intended for a specific use of funds.</td>
<td></td>
</tr>
<tr>
<td>Any other change</td>
<td>FPM, based on Country Team’s discussion with GFM and RM/DH.</td>
</tr>
</tbody>
</table>

18. Applicants can further revise the program split after the first funding request has been submitted and up to the point that all grants for the impacted component have been recommended for Board approval by the GAC. If a disease component still has unused allocation funding after the Board approval of its associated grant(s), the unused funds can be reallocated to a different component with grants that have not yet been recommended by the GAC. All revisions to the program split must be communicated by the applicant through the Program Split Confirmation Template and are subject to the approval process set out in the table above.

Plan, develop and submit the funding request

19. When developing the funding request, applicants must consider how their request contributes to advancing the fight against the epidemics and achieving the Global Fund Strategy 2023-2028. The TRP will use its Review Criteria to assess this. Specifically,  

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26 The Allocation Team provides support to assess whether the proposed change counters the intended direction of a component’s allocation under the allocation methodology. The Allocation Team will engage the CRG department in the review of changes to the program split that fall under the CRG mandate.

27 Countries requiring escalated review under these criteria will be identified by the Allocation Team and communicated to relevant Country Teams.

28 The estimated cost of essential services as per the qualitative adjustment process shall be considered as the reference point.

29 If the funding request has been through TRP review and recommendation, the use of the additional funds should be in line with the TRP recommendations.
funding requests need to fulfill the following (as applicable to the country context and as discussed with the Global Fund Secretariat):

a. **Align with national strategies.** Funding requests are expected to contribute to the NSPs and the overall strategic direction for a country’s health and disease-specific programs.

b. **Build resilient and sustainable systems for health.** Applicants must discuss holistic RSSH, including community system needs, during the country dialogue, preferably at the start of the funding request country dialogue. Applicants may either present their RSSH request within a disease-specific funding request or as a standalone RSSH funding request. Splitting RSSH investments across different funding requests is discouraged as it can affect the comprehensive planning of RSSH investments as well as the assessment, coordination, implementation and performance monitoring of the health system. Therefore, applicants must include their entire RSSH request with the first funding request submitted to the Global Fund, to allow for a holistic assessment of the cross-cutting health investments.

c. **Put communities at the center.** Evidence demonstrates that engagement with communities in the design of programs results in more effective programming and better health outcomes. Therefore, during funding request development, the Global Fund requests applicants to work together with people and communities living with and affected by the three diseases to jointly respond to their specific health needs in the design of the program.

d. **Advance health equity, gender equality and human rights.** In their requests, High Impact and Core applicants must analyze and outline interventions to address human rights and gender-related barriers in access to services and promote gender equality and health equity. Applicants must use disaggregated data to identify inequalities and barriers related to human rights, gender equality and health equity; analyze the social and structural drivers behind these barriers; and consider the impact they have on health outcomes. Based on these analyses, applicants must design evidence-based programming that maximizes health equity, gender equality and human rights in their context, including programming that is responsive to the needs of women, girls, adolescents and youth, gender-diverse communities, the poorest and most marginalized and members of other key and vulnerable populations. Applicants must plan for appropriate evidence-based implementation arrangements responsive to these needs.

e. **Prepare and respond to pandemics.** The COVID-19 pandemic has overloaded systems for health, reducing economic growth and constraining domestic resource mobilization. It is imperative that countries be equipped and better prepared for future pandemic threats to reduce the risk that subsequent pandemics further derail progress against HIV, TB and malaria and broader global health goals. Therefore, as part of the funding request, applicants must consider investments in strengthening systems for health and community systems and supporting capacities that are critical to prevent, detect and respond to infectious disease outbreaks.

f. **Consider lessons learned, evaluations and results.** The applicant must consider lessons learned, challenges, results and impact achieved during the previous

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30 System strengthening activities lead to permanent system improvements, beyond the life of the grant. While system support activities are meant to support the success of grant disease control activities.

31 This is not relevant for Focused Portfolios.
implementation period, including findings and recommendations of national program reviews and evaluations of program and data quality assessments, as well as impact assessments.

g. **Progress on issues raised by TRP and GAC in the previous allocation period.** The applicant must address key issues raised by the TRP and GAC during the previous allocation period, as applicable, before the submission of their funding request.

h. **Complete the prioritized above allocation request (PAAR).** The PAAR is a required document submitted and reviewed in conjunction with the funding request. Before completing the PAAR, applicants must ensure that the most critical modules and interventions for their program are prioritized and covered within the allocation amount. The TRP reviews the PAAR and determines which part of it constitutes Unfunded Quality Demand (UQD). These activities are included in a public UQD register for potential future funding, either from the Global Fund (e.g., using efficiencies from the grant, foreign exchange savings or Portfolio Optimization) or from external sources (e.g., private sector contributions, debt swap agreements and other Innovative (joint) Finance mechanisms with multilateral development banks). As needed, the PAAR and UQD register may be further updated during grant-making and implementation.

i. **Streamline grant portfolios and operations.** Where possible, the Global Fund encourages applicants to streamline grant portfolios through joint funding requests, including two or more components with a single Principal Recipient. This is particularly relevant in countries with smaller allocations, such as in Focused portfolios.

j. **Strengthen focus on value for money.** All applicants are expected to demonstrate efforts to improve value for money through the five dimensions of economy, effectiveness, efficiency, equity and sustainability. All five dimensions need to be considered in their totality, given the country context, overall health strategies, epidemiological trends and gaps, health system capacity constraints, domestic budgets and other donor investments. Such efforts must contribute to maximize and sustain quality and equitable health outputs, outcomes and impact in a resource-constrained environment.

k. **Identify suitable implementers.** At the funding request stage, based on an open and transparent process, the applicant must nominate the Principal Recipient(s) for the grant(s). Upon nomination, the Country Team shall initiate the required capacity assessment for the nominated Principal Recipient, if applicable. The capacity assessment need to be completed prior to the receipt of TRP recommendations. Based on the capacity assessment and the recommendation of the Country Team,

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32 In instances where there is a misalignment between grant start and end dates for two different components, specific guidance will be provided to the applicant in the allocation letter.

33 Except in instances where a portfolio is managed under the Additional Safeguard Policy and the selection of the Principal Recipient is one of the safeguards invoked for the portfolio.

34 The Global Fund recommends that the applicant implements dual track financing (DTF), i.e., nominate a Principal Recipient from both the government and non-government sectors for the implementation of the program. The documented transparent selection of implementers is the basis for the screening for compliance with eligibility requirement 2 set out in the Global Fund’s Country Coordinating Mechanism Policy.

35 A capacity assessment is required for: (i) all new Principal Recipients who have not previously implemented a grant for the disease component; and (ii) existing Principal Recipients who will be implementing new activities for which their capacity has not been previously assessed. Outside of these two required situations, a Country Team may also conduct a capacity assessment for an existing Principal Recipient or select Sub-Recipients if necessary to manage risks, as contemplated under the Additional Safeguards Policy.

36 Please refer to the OPN on Risk Management for further information.
the Regional Manager/Department Head,\(^{37}\) will decide to accept or reject the nominated Principal Recipient prior to proceeding to grant-making. In the event that a nominated Principal Recipient is rejected, the applicant will be requested to nominate an alternative Principal Recipient and another capacity assessment will be conducted as required.\(^{38}\) Implementation arrangements should include diverse implementers including community-led and -based organizations in order to achieve maximum effectiveness and impact. For more details on the categories of implementers, please refer to Annex 4.

l. **Address risks.** As part of the early stages of the funding request development, Country Teams share and discuss with applicants, key risks and capacity issues identified during the previous implementation period that may impact the ability of implementers to achieve expected program goals, key objectives and results. Drawing on these assessments, the applicant must ensure these key risks are mitigated to allow a smooth implementation of the grant (please refer to the [OPN on Risk Management](#)).

m. **Engage the Local Fund Agents (LFAs).** It is strongly encouraged to involve LFAs from the start of the funding request development stage, including in country dialogue to help address operational design issues before the funding request is reviewed by the TRP. For more information, please refer to the [LFA Manual (section C)](#). For portfolios which have a history of suboptimal delivery, LFAs assess the implementation arrangements likely to be used for the new grant(s). This assessment must be ideally conducted as early as possible to provide timely insights and allow sufficient time for other related LFA reviews during grant-making.

n. **Protect from sexual exploitation and harassment.** Applicants are recommended to identify sexual exploitation, abuse and harassment (SEAH) related risks in Global Fund-financed programs and embed relevant mitigation measures in the proposed interventions. Please refer to the Global Fund Codes of Conduct for Recipients and Suppliers as well as the [Protection from Sexual Exploitation, Abuse and Harassment Guidance Note](#) for further information.

o. **Enhance domestic financing and strengthen sustainability / transition preparedness, including complying with Sustainability, Transition and Co-Financing (STC) policy requirements.**

   - **Focus of application:** All funding requests and resulting grants must comply with the focus of application requirements. These are the requirements that govern how Global Fund financing can be used and which interventions the applicant can request to be funded from the Global Fund. Application focus requirements are differentiated according to a country’s income classification. Please refer to the [STC Policy](#) for further information.

   - **Enhance domestic financing and co-financing:** To support programmatic impact, funding requests should describe how applicants are working to enhance domestic financing of health and the national responses, including both raising additional resources and improving the efficiency of existing resources. All funding requests and resulting grants must comply with the co-financing requirements set forth in the [STC Policy](#), including describing co-financing

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\(^{37}\) For High Impact Departments

\(^{38}\) The Global Fund Secretariat reserves the right to approve the selected Principal Recipient, whether new or existing. This right extends in some cases to the selection of key Sub-recipients.
commitments and offering evidence of realization of previous commitments. For detailed guidance on the co-financing requirements, please refer to the Sustainability, Transition and Co-financing Guidance Note, OPN on Co-Financing (link forthcoming) and the allocation letter.

- **Strengthening sustainability:** The STC Policy emphasizes the importance of strengthening sustainability across the entire Global Fund portfolio. While specific activities and focus areas vary and depend heavily on country context, the Global Fund encourages all countries to gradually strengthen the sustainability of Global Fund-financed national responses and interventions. More details are available in the Sustainability, Transition and Co-financing Guidance Note.

**Transition planning and preparedness:** In line with the STC Policy, the Global Fund requires all upper-middle-income countries (regardless of disease burden) and upper lower-middle-income countries with components that have “not high” burden to proactively prepare for transition from Global Fund financing. This includes integrating transition considerations and strengthening transition preparedness through Global Fund funding requests, co-financing commitments and national planning.

- **Consider payment for results modalities.** The benefits of putting in place a Payment for Results arrangement include: 1) simplified grants, with disbursement linked to impact and outcomes, rather than inputs; 2) enhancing country leadership in the response against the diseases to pave the way for successful transitions; and 3) ensuring more strategic engagement in support of national program priorities. Payment for Results modalities should be discussed and agreed with the Global Fund Secretariat and cannot be applied in the absence of a pre-approval. For more details, please refer to the Payment for Results OPN (link forthcoming) and the Guidelines for Grant Budgeting.

- **Leverage joint investments.** The Global Fund encourages applicants to consider joint investments with development partners to address high-priority areas at the country or sub-regional levels. Such joint investments, where appropriate and relevant, may help align development finance and leverage additional investments for health systems or the national responses. They include blended finance/joint investments with development financing institutions or Multilateral Development Banks (MDBs) and Debt2Health transactions. Applicants must engage early with the Country Team if and when they are considering joint investments. Please refer to the OPN on Blended Finance (link forthcoming).

- **Adapt to challenging operating environments.** The OPN on Challenging Operating Environments (COEs) provides the overall guidance on Global Fund adaptive engagement to ensure access to essential services and/or maximize coverage and impact in such contexts, based on the principles of flexibility, partnerships and innovation.

**20. Funding request currency.** The funding request and the resulting grant can be denominated in either U.S. dollars or Euros and grant currency must be confirmed for the relevant grant implementation period. The currency is communicated in the allocation letter.

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39 GF/B35/DP08
21. **Application package.** Applicants must ensure submission of all required documents relevant for their application to be deemed complete and eligible for review by the TRP. The application package must be submitted within the deadline set for the applicable TRP review window (please refer to Annex 2 for further information).

### III. Review and Recommend

**Screen for completeness and compliance with the CCM Eligibility Requirements**

22. After the submission of the funding request, the Global Fund Secretariat performs completeness and consistency checks. The Global Fund Secretariat will notify the applicant in case clarifications, additional information or documentation are needed. In such cases, the applicant has a limited window (up to 10 days) to provide the requested material.

23. When the applicant is a CCM or an RCM, the Global Fund Secretariat evaluates the application to ensure compliance with the CCM Eligibility Requirements that are assessed at the time of the funding request submission.

24. **Differentiated screening of CCM Eligibility Requirements 1 and 2.** CCM eligibility requirements 1 and 2 are reviewed in a differentiated manner as determined by the Global Fund Compliance Review Panel. Country components considered to have a higher risk of non-compliance require greater scrutiny and a more in-depth review. Others undergo a “light” CCM eligibility screening.

25. **Compliance with Eligibility Requirements 3 to 6.** When the applicant is a CCM or an RCM, the Global Fund Secretariat evaluates the mechanism’s compliance with the CCM Eligibility Requirements 3, 4, 5 and 6, before the funding request submission.

26. **Non-CCM.** Applications submitted by non-CCMs must comply with the overall principle of inclusiveness, as appropriate, given the country context.

27. Following the eligibility assessment, applicants fall into one of four categories:
   a. **Compliant:** the applicant fully complies with the eligibility requirements and relevant indicators.
   b. **Compliant with issues:** some criteria are not fully met, but the applicant demonstrates credible intent to comply.
   c. **Indeterminate compliant:** further information is required to complete the assessment.
   d. **Non-compliant:** most or all of the eligibility criteria are not met.

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40 Please refer to the [Country Coordinating Mechanism Policy Including Principles and Requirements](#) for more information.

41 Higher risk of non-compliance may be linked to risk assessments and reports indicating potential issues with regards to meeting CCM eligibility requirements (e.g. inclusiveness, lack of transparency in the selection of the Principal Recipient, conflict of interest issues, etc.) and therefore an in-depth scrutiny is recommended at the moment of funding request submission.

42 As part of the in-depth screening, the Global Fund will review the Country Dialogue Annex, the Statement of Compliance, the Endorsement Sheet as well as all supporting documents to ensure compliance with eligibility requirements 1 and 2.

43 As part of the light screening for eligibility requirements 1 and 2, the Global Fund will only review Country Dialogue Annex, the Statement of Compliance and the Endorsement Sheet.

44 In exceptional situations, the CCM in certain countries may not be in a position to carry out its core functions or to fulfil the eligibility requirements. In these cases, a non-CCM applicant submits the funding request. For further details on such situations, see the Country Coordinating Mechanism Policy Including Principles and Requirements. Non-CCM applications must be endorsed by the Legal representative of the applicant.
28. Instances where the applicant is deemed “Compliant with Issues”, “Indeterminate Compliant” or “Non-Compliant” are escalated to the Compliance Review Panel that evaluates the findings and recommendations made by the Access to Funding department and makes a final decision as to whether the funding request is:

   a. Shared with the TRP for review, with specific recommendations to be met by the CCM at the time of grant-making; or
   b. Rejected and returned to the applicant with clear recommendations on how to comply with the eligibility requirements before resubmitting at a subsequent TRP window.

TRP review and recommendation

29. **TRP review.** In line with the criteria and modalities specified in its Terms of Reference, the TRP reviews the funding request and provides an independent assessment of the strategic focus, technical soundness and potential for impact and the extent to which grants are poised for sustainability.

30. Country Teams may provide additional contextual analysis or considerations to inform the TRP review. The Global Fund Secretariat analysis is captured in the Secretariat Briefing Note. This is the Global Fund Secretariat’s objective analysis of the proposed investment and an overview of contextual information, including critical elements that are not available in other documents of the funding request. It is not intended to influence the TRP’s independent review of the application, but rather to complement the funding request by bringing the Global Fund Secretariat’s perspective.

31. Following their review, the TRP recommendation results in one of two decisions:

   a. **Proceed to grant-making.** The TRP recommends to the Global Fund Secretariat and Board that the applicant can proceed to grant-making.

   b. **Further iteration required.** The TRP recommends a further iteration, i.e. resubmission of a revised funding request for TRP review.

GAC steer (if applicable)

32. GAC steer during the funding request stage is conducted on an as-needed basis, in line with the GAC review criteria and terms of reference. The Country Team or the GAC Secretariat can request a GAC steer at any time before or after the TRP review. GAC steer does not prevent the start of grant-making. For some portfolios, a GAC discussion may be needed to provide strategic steer for critical management concerns for and during grant-making.

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45 In certain instances, the TRP may be engaged at an earlier stage of the process to help shape the funding request before the submission of the application. This refers to the “early engagement”. This may be particularly relevant in instances where innovative financing elements are being explored or joint investments with other financing institutions are sought.

46 For the Program Continuation applications where the TRP review has identified major concerns, the TRP may recommend re-submission under a non-program continuation request approach.

47 The GAC seeks to proactively support grant-making for a set of country disease programs by providing upfront strategic investment guidance to materially influence outcomes and set up identified portfolios for maximum impact in a given allocation period.

48 Please refer to the GPN on Make, Approve and Sign Grants.
Notify the applicant

33. The outcome of the independent TRP review is captured in the TRP Review and Recommendation Form. The form also lists recommendations identified during the review of the funding request and provides corresponding actions to be addressed during grant-making and/or implementation. The form is shared with the applicant to inform them of the outcome of the TRP review. Any messaging emanating from the GAC steer, if relevant, is also shared.

TRP clarifications

34. The TRP may issue specific recommendations to the applicant which are to be cleared by either the TRP or the Global Fund Secretariat during grant-making and/or during grant implementation. Funding requests that are ‘recommended for grant-making with issues’ to be cleared by the TRP, go through the TRP clarifications process.

35. The TRP clarifications process allows the TRP to ensure that important technical concerns identified during the review of the funding request are addressed in a timely manner either to the satisfaction of the TRP or to the satisfaction of the Global Fund Secretariat. A regular report on the status of completion of TRP issues will be shared by the Access to Funding Department with GAC for information and steer, as needed.

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49 The TRP Review and Recommendation Form is also shared with the Global Fund Secretariat and the Board.
50 This refers to the Country Team and relevant technical teams as needed.
### Annex 1. Sub-process Owners

<table>
<thead>
<tr>
<th>No.</th>
<th>Sub-process name</th>
<th>Sub-process Owner*</th>
<th>Output(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Determine Funding Request and Review Approach</td>
<td>Access to Funding</td>
<td>Review approach determined for all Global Fund applicants</td>
</tr>
<tr>
<td>2</td>
<td>Draft and Share Allocation Letters</td>
<td>Access to Funding</td>
<td>Drafted allocation letters, including guidance to applicants to facilitate accessing the allocation</td>
</tr>
<tr>
<td>3</td>
<td>Continue Country Dialogue</td>
<td>GMD</td>
<td>Open and inclusive conversation with in-country stakeholders and findings collected to feed into the funding request</td>
</tr>
<tr>
<td>4</td>
<td>Decide on Program Split</td>
<td>Access to Funding</td>
<td>Proposed program split for the disease components, including RSSH</td>
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<tr>
<td>5</td>
<td>Develop and Submit the Funding Request</td>
<td>Access to Funding</td>
<td>Final funding request submitted to the Global Fund Secretariat</td>
</tr>
<tr>
<td>6</td>
<td>Plan and Ensure Implementation Readiness</td>
<td>GMD</td>
<td>Agreement to advance grant-making deliverables. Performance Framework; Detailed and Summary Budget; Health Product Management Template (HPMT) are developed in grant-making level of details if applicable;</td>
</tr>
<tr>
<td>7</td>
<td>Screen for Completeness and Consistency</td>
<td>Access to Funding</td>
<td>Complete and clarified set of funding request documentation to facilitate the TRP review</td>
</tr>
<tr>
<td>8</td>
<td>Assess Compliance with CCM Eligibility Requirements</td>
<td>Access to Funding</td>
<td>Documented findings from the assessment of eligibility requirements 1 and 2 in the screening summary sheet</td>
</tr>
<tr>
<td>9</td>
<td>TRP Review and Recommendation Form</td>
<td>Access to Funding</td>
<td>Documented TRP findings in the TRP Review and Recommendation Form</td>
</tr>
<tr>
<td>10</td>
<td>GAC Steer (if applicable)</td>
<td>Access to Funding</td>
<td>Steer for issues identified for grant-making, in the form of a GAC Review Form</td>
</tr>
<tr>
<td>11</td>
<td>Notify the Applicant</td>
<td>GMD</td>
<td>Written communication shared with the applicant</td>
</tr>
<tr>
<td>12</td>
<td>Report status of TRP clarifications</td>
<td>Access to Funding</td>
<td>Periodic reports from TRP Issues database</td>
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#### Process functionality, form or tool

<table>
<thead>
<tr>
<th>Process functionality, form or tool</th>
<th>Sub-component Owner*</th>
<th>Output</th>
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<tbody>
<tr>
<td>12</td>
<td>Allocation Letter</td>
<td>Access to Funding</td>
</tr>
<tr>
<td>13</td>
<td>Program Split</td>
<td>Access to Funding</td>
</tr>
<tr>
<td>14</td>
<td>Application package</td>
<td>Access to Funding</td>
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<td>15</td>
<td>TRP Review and</td>
<td>Access to Funding</td>
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<td></td>
<td>Recommendation Form</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>GAC Review Form</td>
<td>Access to Funding</td>
</tr>
</tbody>
</table>

* Design, testing & delivery from a process, policy, system & data perspective, with PAF process-owner engagement and sign-off. Change management, training & communications, ensuring compliance & daily sub-process support to end-users.
### Annex 2. Document Requirements

<table>
<thead>
<tr>
<th>Para No</th>
<th>Document</th>
<th>Requirement Level (for all portfolios)</th>
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</thead>
<tbody>
<tr>
<td>Documents Reviewed by the Technical Review Panel</td>
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<tr>
<td>1</td>
<td>Funding Request Form</td>
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<tr>
<td>2</td>
<td>Performance Framework</td>
<td>Required</td>
</tr>
<tr>
<td>3</td>
<td>Budget</td>
<td>Required</td>
</tr>
<tr>
<td>4</td>
<td>Programmatic Gap Table</td>
<td>Required</td>
</tr>
<tr>
<td>5</td>
<td>Funding Landscape Table</td>
<td>Required</td>
</tr>
<tr>
<td>6</td>
<td>Prioritized Above Allocation Request(^{51})</td>
<td>Required</td>
</tr>
<tr>
<td>7</td>
<td>Health Product Management Template</td>
<td>Best Practice(^{52, 53})</td>
</tr>
<tr>
<td>8</td>
<td>Implementation Arrangements Map(^{54})</td>
<td>Best Practice</td>
</tr>
<tr>
<td>9</td>
<td>RSSH Gaps and Priorities</td>
<td>Required(^{55})</td>
</tr>
<tr>
<td>10</td>
<td>Assessment of Human Rights-Related Barriers</td>
<td>Best Practice</td>
</tr>
<tr>
<td>11</td>
<td>Gender Assessment</td>
<td>Best Practice</td>
</tr>
<tr>
<td>12</td>
<td>Essential Data Tables</td>
<td>Required</td>
</tr>
<tr>
<td>13</td>
<td>National Strategic Plan</td>
<td>Best Practice(^{56})</td>
</tr>
<tr>
<td>14</td>
<td>Innovative Financing Documentation(^{57})</td>
<td>Best Practice</td>
</tr>
<tr>
<td>15</td>
<td>Supporting Documentation Related to Sustainability and Transition</td>
<td>Best Practice</td>
</tr>
<tr>
<td>16</td>
<td>List of Abbreviations and Annexes</td>
<td>Required</td>
</tr>
<tr>
<td>17</td>
<td>Secretariat Briefing Note</td>
<td>Best Practice</td>
</tr>
</tbody>
</table>

\(^{51}\) PAARs are required with the funding request.

\(^{52}\) Not required for Focused Portfolios.

\(^{53}\) Only for applicants who are requesting funding to cover Health Products and/or associated management costs.

\(^{54}\) Updated Implementation Arrangements Maps are submitted at the funding request stage if the program is continuing with the same Principal Recipient to the next allocation period. Otherwise, the Implementation Arrangement Map can be submitted at the time of grant-making.

\(^{55}\) Required for High Impact and Core portfolios.

\(^{56}\) Required for applicants submitting a Tailored for NSP funding request.

\(^{57}\) Required for applicants who are using certain Innovative Financing mechanisms.
<table>
<thead>
<tr>
<th>Documents Assessed by the Global Fund Secretariat</th>
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<tbody>
<tr>
<td>18</td>
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<tr>
<td>19</td>
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<tr>
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<td>21</td>
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<td>22</td>
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<tr>
<td>23</td>
</tr>
</tbody>
</table>

<sup>58</sup> Endorsement must be provided by: (i) the CCM Chair and (ii) the civil society representative if the CCM Chair is the representative of the Government, or the representative of the Government if the CCM Chair is the representative of the civil society. With respect to endorsement by the CCM Chair, in the absence of the CCM Chair, endorsement by the Vice Chair is acceptable if in line with the CCM’s governing documents.

<sup>59</sup> Endorsement by each member of the CCM (or RCM for RCM applications) shall be provided. For RCM applications, endorsement must also be provided for each country represented in the program by: (i) CCM Chair and (ii) civil society representative if the CCM Chair is the representative of the Government, or the representative of the Government if the CCM Chair is the representative of the civil society.

<sup>60</sup> This document will be reviewed by the TRP for a subset of countries as part of a pilot review.
Annex 3. Sources of Funding

36. Subject to the eligibility criteria specific to each source of funding, applicants may receive funding from the following sources during the funding request design and submission:

a. **Funding for country allocations:** These funds are apportioned to countries in line with the Board-approved [Eligibility Policy](#) and [Allocation Methodology](#).

b. **Catalytic investments:** The Board may approve a portion of resources in addition to country allocations in order to address issues which cannot be adequately addressed by the country allocations alone:

   i. **Matching funds.** These funds are available to selected countries to incentivize the investment of a country allocation (and in some cases, domestic resourcing) in key strategic priorities. Matching Funds are communicated in the allocation letter and Matching Funds requests are reviewed along with the allocation funding request. For more details, refer to the [Accessing and Programming Matching Funds Guidance Note](#).

   ii. **Multicountry funding.** These funds are available to target a limited number of key strategic multicountry priorities deemed critical to meet the aims of the Global Fund Strategy and not able to be addressed through country allocations alone. Catalytic funding for a multicountry approach may be the only source of funding for the program or may be provided in addition to funding provided from the country allocations of constituent country components. Certain multicountry programs may also be fully comprised of the combined allocations of constituent country components. Close coordination between national programs and the implementation of multicountry initiatives shall be demonstrated each time. For more details, please refer to the guidelines on Multicountry Funding Applications.

   iii. **Strategic initiatives.** These limited funds are available for centrally managed approaches for strategic areas that cannot be addressed through country allocations due to their cross-cutting, innovative or off-cycle nature, which are critical to ensure country allocations deliver against the Global Fund Strategy.

c. **Restricted financial contributions.** These include contributions by eligible Global Fund donors, including corporations, foundations, private donors and a limited number of authorized public mechanisms i.e., UNITAID and Debt2Health. This type of funding is restricted to investments listed in the UQD Register, effectively resulting in additional or complementary amounts of funding to Board-approved grants. Please refer to the [Policy on Restricted Financial Contributions](#) and the procedures that guide how to access these types of funds once they have been secured.

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Annex 4. Global Fund Implementers

This annex sets forth the working definitions\textsuperscript{65} for the Global Fund implementer types for the purpose of the grant lifecycle operations and grant deliverables.

Types of implementers

37. Global Fund implementers are entities entrusted by the Global Fund with the implementation of defined\textsuperscript{66} grants or grant activities, using Grant Funds\textsuperscript{67}. Global Fund implementers include the following:

- **Principal Recipient** is the entity which ensures the implementation of activities funded with Grant Funds in accordance with the terms of the signed Grant Confirmation, Framework Agreement and other documents\textsuperscript{68} forming part of the Grant Agreement with the Global Fund. For most grants, the Principal Recipient is fully responsible for grant implementation.

- **Lead implementer**\textsuperscript{69} is an entity that leads grant implementation in defined cases where a government implementer is not mandated to sign Grant Confirmations per national laws or for other legal reasons. In such cases, the mandated government entity signs the Grant Confirmation as Principal Recipient with the government implementer acting as Lead Implementer. This assignment does not change or waive the accountability and responsibilities of the Principal Recipient for implementation of the grant under the terms of the relevant Grant Agreement.

- **Sub-recipient**\textsuperscript{70} is the entity which receives Grant Funds directly or indirectly from the PR and implements defined grant activities under the oversight of the Principal Recipient. Sub-recipients are accountable to the Principal Recipient with respect to the use of Grant Funds and grant activities assigned to them and have to comply with requirements that are generally equivalent to the obligations of the Principal Recipient under the Principal Recipient’s own agreements with the Global Fund\textsuperscript{71}.

All recipients of Global Fund grant funds must comply with the Code of Conduct for Recipients of Global Fund Resources.

**Suppliers**\textsuperscript{72} are not considered implementers. Suppliers means collectively, without limitation, all bidders, suppliers, agents, intermediaries, consultants and contractors, who

\textsuperscript{65} The definitions in the Global Fund Grants Regulations take precedence in case of conflict.
\textsuperscript{66} Defined grants or grant activities as per the detailed budget, annexed to the Grant Confirmation.
\textsuperscript{67} Refer to Oversee Implementation and Monitor Performance OPN on how the Global Fund monitors implementation and Performance
\textsuperscript{68} These include the Global Fund Grant Regulations (2014), the Global Fund Guidelines for Grant Budgeting, and other documents incorporated by reference, including the Health Products Guide, the Code of Conduct for Recipients, the Code of Conduct for Suppliers, the Auditing Guidelines and other operational policies as communicated in writing to the Principal Recipients.
\textsuperscript{69} As defined in the Grant Entity Data OPN.
\textsuperscript{70} Please note that under the Global Fund Grant Regulations (2014), the term “Sub-Recipient” is defined to include recipients who receive grants funds “indirectly” from the Principal Recipients. This means that sub-sub-recipients, etc. are included. Depending on the grant’s implementation arrangements, implementers may also in some instances be Sub-Sub-Recipients (SSRs) or Sub-Sub-Sub-Recipients (SSSRs).
\textsuperscript{71} Refer to Article 4(4.3) of the Global Fund Grant Regulations (2014).
\textsuperscript{72} Referred to as Third-Party Organizations in some documents.
are not the Principal Recipient(s) or Sub-recipients but provide goods and/or services to a Program.

**Eligibility and selection of Global Fund implementers**

38. **Principal Recipients:** The Principal Recipient shall be nominated by the CCM, RCM or Regional Organizations (RO), can be a new or existing implementer and is required to be a recognized national legal entity from the public or private sector or civil society. The CCM must follow a set of eligibility criteria for such nomination. This also applies for RCMs requesting Global Fund funding. However, Non-CCMs and ROs do not have to apply eligibility criteria when selecting their Principal Recipients, although it is strongly recommended that they implement them to the extent possible. The Principal Recipients have to be selected and nominated to the Global Fund early during the funding request stage. Prior to accepting a new Principal Recipient nominated by an applicant, the Local Fund Agent assesses whether the Principal Recipient’s systems and capacities are adequate for the effective management of grant funds (see OPN on Risk Management). For countries managed under the Additional Safeguards Policy (ASP), the Global Fund Secretariat is more directly involved in the selection of implementers in order to mitigate risks and ensure accountable use of grant funds (see OPN on Additional Safeguard Policy).

39. In exceptional cases, if the CCM and/or the Global Fund Country Team conclude that no entity incorporated locally can be appointed as Principal Recipient to undertake grant implementation, the country office of a multilateral organization (e.g., multilateral organizations such as UN entities, international NGOs) can be selected as Principal Recipient. In this case, firm evidence should be presented by the CCM that there are no national entities with the requisite capacity and Country Teams must confirm their agreement. The Global Fund expects that engaging multilateral organizations or international NGOs to be Principal Recipient as temporary, and that one or several national entities may be phased-in as Principal Recipient(s) once their capacities have been strengthened. The Grant Agreement with a non-national entity Principal Recipient may include plans for developing the capacity of one or several national entities and a timeline for transferring Principal Recipient responsibility to them.

40. In rare cases where no other options are considered as acceptable, bilateral organizations (including the consulting arm of bilateral organizations, even if these are private entities) can be considered as Principal Recipients. This would be the case where the country context proves to be challenging and where the CCM and the Global Fund Country Team conclude that no national or other international organizations can be appointed as Principal Recipient to undertake grant implementation. The use of a

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*As set out in the CCM Policy.*

*Includes (i) all new Principal Recipients who have not previously implemented the disease component, and (ii) existing Principal Recipients who will be implementing new activities for which their capacity has not been previously assessed.*

*An independent organization serving as the eyes and ears on the ground in the countries supported by the Global Fund and works closely with the Country Team at the Global Fund Secretariat to evaluate and monitor activities before, during and after the implementation of a grant.*

*Other situations may include a) when the ASP applies; b) in countries in conflict; and c) when currency controls or currency risks jeopardize the ability to ensure sufficient resources are available for grant implementation.*

*However, WHO (multilateral organization) cannot serve as Principal Recipient for Global Fund grants as some Global Fund policies applicable to Principal Recipients may be perceived as in conflict with WHO rules and regulations, but they can assume the role of Sub-recipients in Global Fund grants.*

*National capacities must be developed for more sustainable responses. Aside from the sustainability considerations, there are also cost considerations related to non-national entity implementers.*
bilateral organization as a PrincipalRecipient or Sub-recipient of a Global Fund grant
requires approval from Global Fund Senior Management79.

41. As part of the Global Fund’s commitment to strengthen the role of civil society and the
private sector in the processes of the Global Fund, CCMs must pursue a “dual-track
financing” approach in nominating Principal Recipients at the time they submit their
Funding Request to the Global Fund. Dual-track financing refers to channeling of funds
through two “tracks”: government and non-government sectors, if feasible within the
prevailing context.

42. **Sub-recipients:** The Principal Recipient selects Sub-recipients in consultation with the
CCM as early as possible during funding request stage, based on a transparent and well-
documented process and oversees the implementation of activities undertaken by Sub-
recipients. Sub-recipients are generally selected amongst national entities who typically
are already involved in the response to HIV, TB and malaria. To maximize program
effectiveness, particularly among most affected communities, Principal Recipients must
select community-led organizations (CLO) – including those led by key and vulnerable
populations – and community-based organizations (CBO) as Sub-recipients, provided
they have appropriate capacity.80 In all cases, the Principal Recipient remains fully
accountable for the performance of Sub-recipients. Principal Recipients are expected to
restrict the number of Sub-recipients to that which is reasonable to achieve maximum
impact of the program and prudent management of grant funds. The use of a restricted
number of Sub-recipients avoids unnecessary transaction and management costs and
provides stronger assurance and oversight.

43. Capacity assessment and Integrity Due Diligence (IDD) for Principal Recipients and Sub-
recipients are undertaken in accordance with the **OPN on Risk Management** and where
applicable, with the **OPN on Additional Safeguard Policy**.

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79 The Executive Grants Management Committee.
80 Principal Recipients are strongly encouraged to pursue result-based contracting arrangements with CLOs/CBOs for key programmatic
areas including (but not limited to) HIV prevention for key and vulnerable populations; community-based treatment; community-based
TB/DR-TB care; ITN distribution; community system strengthening (including community-led monitoring); and reducing human rights and
gender-related barriers. Applicants are reminded that activities to strengthen CLO/CBO capacity may be included in Funding Requests
through the RSSH: Community Systems Strengthening module in the **Modular Framework Handbook.**
Annex 5. Update the PAAR

44. The PAAR is a required document submitted and reviewed in conjunction with the funding request. Before completing the PAAR, applicants must ensure that the most critical modules and interventions for their program are covered within the allocation amount. The TRP reviews the PAAR and determines which part of it constitutes UQD. These activities are included in a public UQD register for potential future funding.

45. Throughout grant implementation, the Global Fund Secretariat may allow or request applicants to submit an updated PAAR. The graph below shows an overview of the PAAR process:

46. PAAR updates can be triggered by any of the following instances:
   i. PAAR update due to TRP recommendations
   ii. PAAR update due to sources of funding becoming available:
      a. Portfolio optimization.81
      b. External financial contributions.82
      c. Foreign exchange savings.83

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81 For more information, please refer to the Guidance on Portfolio Optimization (link forthcoming).
82 For more information, please refer to the Framework on Private Sector Engagement and Policy on Restricted Financial Contributions (PRFC).
83 For more information, please refer to the Guidelines for Grant Budgeting.
47. Updates to the PAAR\(^8^4\) consist of i) activities shifted between the PAAR and the main allocation budget; ii) new activities that were not included in the initial PAAR request and consequently were not reviewed and approved by the TRP and added to the UQD register for the funding cycle or, ii) increases to the initial amount recommended for interventions/activities that are already on the UQD register.

48. PAAR updates require CCM endorsement. Endorsement must be provided by: (i) the CCM Chair and (ii) the civil society representative if the CCM Chair is the representative of the Government, or the representative of the Government if the CCM Chair is the representative of civil society. With respect to endorsement by the CCM Chair, in the absence of the CCM Chair, endorsement by the Vice Chair is acceptable if in line with the CCM’s governing documents.

**Change History**

<table>
<thead>
<tr>
<th>Version No.</th>
<th>Approved by</th>
<th>Change Description</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>EGMC</td>
<td>Comprehensive update to reflect changes relevant to the 2023-2025 allocation period (Grant Cycle 7) and emanating from the 2023-2028 Global Fund Strategy.</td>
<td>12 January 2023</td>
</tr>
</tbody>
</table>

\(^8^4\) UQD updates should not be confused with “PAAR iterations” i.e., PAARs that were not recommended by the TRP and where the applicant needs to submit a new revised PAAR for TRP review and recommendation for the activities to be approved and placed on the UQD.
Operational Procedures

Design and Review Funding Requests

Issued on: 12 January 2023
Approved by: Executive Grant Management Committee
Process Owner: Access to Funding Department
Associated OPN: OPN on Design and Review Funding Requests

Process metrics for the OPN on design and review funding requests: Forthcoming

Purpose

1. This document provides procedural guidance on the different steps that constitute an integral part of the design and review of funding requests for the 2023-2025 allocation period onwards.

2. Regardless of the applicable funding request and review approach, Country Teams should refer to the sections of the Operational Procedures for guidance on the applicable process.
Figure 2. Key steps of the funding request process.

3. An overview of these Operational Procedures' content is given in the table below. Depending on the sub-process of interest, readers can press “Ctrl + click” on the links to go to the relevant phase or sub-process.

<table>
<thead>
<tr>
<th>Define and Communicate</th>
<th>Plan, Develop and Submit</th>
<th>Review and Recommend</th>
<th>For funding requests recommended for funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine Application Approach</td>
<td>Plan and Ensure Implementation Readiness</td>
<td>Screen for Completeness and Compliance with CCM Eligibility Requirements</td>
<td></td>
</tr>
<tr>
<td>Communicate Allocation</td>
<td>Continue Country Dialogue</td>
<td>TRP Review and Recommendation</td>
<td></td>
</tr>
<tr>
<td>Decide on Program Split</td>
<td>GAC Steer (if applicable)</td>
<td>Notify the Applicant</td>
<td></td>
</tr>
</tbody>
</table>
| Develop and Submit the Funding Request | | | TRP Clarifications
| | | | PAAR Update

Annex 1. Design and Review Funding Requests – Process Steps and RACI
<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| 1.1 Information collected on:                                            | Quarter 3 and 4 of 2022 | Prepared by:  
| • Portfolio categorization.                                               |                   | • Access to Funding Department, in consultation with relevant internal stakeholders |
| • Application and review approaches by component in the 2020-2022 allocation period. |                   |                                                                                  |
| • Material program revisions undertaken for Core/High Impact portfolios (if any). |                   |                                                                                  |
| • Tailored for transition and National Strategy Plans (NSP) potential applicants. |                   |                                                                                  |
| • Allocation amounts for the different portfolios; and                     |                   |                                                                                  |
| • Performance of existing grants for Core/High Impact portfolios.          |                   |                                                                                  |
| 1.2 Type of applicant (i.e. CCM, Non-CCM, RO, RCM) determined based on historical application and country context. | Quarter 4 of 2022 | Prepared by:  
|                                                                             |                   | • Access to Funding Department proposes the types of applicants for the 2023-2025 allocation period. |
|                                                                             |                   | Approved by:  
|                                                                             |                   | • Compliance Review Panel, for Non-CCM applicants. |
| 1.3 Application and review approach determined per component.              | Quarter 4 of 2022 25 | Prepared by:  
|                                                                             |                   | • Access to Funding Department |
|                                                                             |                   | Approved by:  
|                                                                             |                   | • GAC, based on the recommendation of Access to Funding Department. |
### 2- Communicate Allocation

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Customized allocation letters drafted per applicant, including the following:</td>
<td>Quarter 4 of 2022</td>
<td>Prepared by:</td>
</tr>
<tr>
<td>• allocation amount.</td>
<td></td>
<td>• Access to Funding Department prepares a draft of the allocation letters.</td>
</tr>
<tr>
<td>• allocation-related decisions or outcomes with intended implications around the use of funds.</td>
<td></td>
<td>• Country Teams, Allocation Team, Program Finance and Controlling, Regional Finance Managers, Policy Hub, Legal and Risk Departments review and provide input.</td>
</tr>
<tr>
<td>• recommended application approach for each eligible component.</td>
<td></td>
<td>• Regional Manager/Department Heads review allocation letters, including revisions (if any).</td>
</tr>
<tr>
<td>• applicant type.</td>
<td></td>
<td>Approved by:</td>
</tr>
<tr>
<td>• guidance on program split and qualitative adjustments in relation to program split.</td>
<td></td>
<td>• Head, Grant Management Division</td>
</tr>
<tr>
<td>• guidance on health systems and pandemic preparedness investments.</td>
<td></td>
<td></td>
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<tr>
<td>• co-financing requirements/co-financing incentives.</td>
<td></td>
<td></td>
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<tr>
<td>• focus of application requirements depending on the applicant's income level.</td>
<td></td>
<td></td>
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<tr>
<td>• eligibility for matching funds and conditions to access them; and</td>
<td></td>
<td></td>
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<tr>
<td>• any applicable messages that the Global Fund Secretariat wants to convey to the applicant in relation to the relevant portfolio (e.g., identified recoveries, management actions, implementation requirements and/or arrangements, importance of strengthening domestic financing, consideration of joint investments with development partners, privileges and immunities, COE or ASP considerations, Focused management models, etc.).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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84 Or later, for applicants whose grants end after June 2024.
### 3- Plan and Ensure Implementation Readiness

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Integrated plan for the funding request and grant-making stages.</td>
<td>Early in the funding request development</td>
<td>Prepared by:(Applicant, Principal Recipient(s), in consultation with the Country Team, LFA.</td>
</tr>
<tr>
<td></td>
<td>process.</td>
<td></td>
</tr>
<tr>
<td>3.2 Agreement to advance grant-making deliverables to ensure implementation</td>
<td>Early in the country dialogue process.</td>
<td>Prepared by:/Applicant, CT, Principal Recipient(s)</td>
</tr>
<tr>
<td>readiness:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• engage the CCM selected Principal Recipient(s) early.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• develop and submit key documents in the level of detail required for grant</td>
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<td></td>
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<tr>
<td>making to the TRP, and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• initiate the selection of human resources, Sub-recipient(s) and procurement</td>
<td></td>
<td></td>
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<tr>
<td>partners early.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 4- Continue Country Dialogue

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Analysis prepared to support the applicant’s country dialogue process</td>
<td>Prior and during the country dialogue</td>
<td>Prepared by:Country Team, with inputs from the Regional Manager.</td>
</tr>
<tr>
<td>and ensure robust analysis is considered when prioritization discussions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>take place.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2 Confirmation of (or changes to) the funding request and review approach</td>
<td>During the country dialogue and prior to</td>
<td>Prepared by:Applicant confirms the funding request approach or proposes changes. if applicable, with a</td>
</tr>
<tr>
<td></td>
<td>developing the funding request</td>
<td>supporting rationale</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reviewed by:Country Team</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approved by:FPM, if the change is within the parameters described in paragraph 4 of the OPN on Design</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and Review Funding Requests).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 4- Continue Country Dialogue

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| 4.3 Draft scope of the funding request submitted for discussion with the Country Team. | During the country dialogue and prior to developing the funding request. | Prepared by: • Applicant
Reviewed by: • Country Team |

- **GAC**, if the change is outside the allowable changes described in paragraph 4 of the OPN on Design and Review Funding Requests.

### 5- Decide on Program Split

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| 5.1 Confirmation of, or changes to, the program split.                | During the country dialogue, and prior to submitting the portfolio’s first funding request. | Prepared by: • Applicant confirms the disease split or proposes changes by completing the Program Split Confirmation Template.⑧⑥
Reviewed by: • Country Team reviews the completed template. |
Approved by: • Approval authority, based on defined thresholds and as per paragraph 20 of the OPN on Design and Review Funding Request. |

### 6- Develop and Submit the Funding Request⑧⑦

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>

⑧⑥ Shared with the allocation letter.
⑧⑦ Grant-making documents can be downloaded by the Country Team as soon as the funding request documents are submitted to the Global Fund. This is meant to help the Principal Recipient advance in
### Funding Request Package

6.1 Funding request for the entire eligible component’s allocation, (including any investments towards RSSH) developed and submitted (please refer to Annex 2 of the OPN on Design and Review Funding Requests).

**Note.** Where there is agreement between the applicant, implementer and the Country Team to advance grant-making deliverables to ensure implementation readiness, the Performance Framework, Budget and HPMT are developed with the level of details required for grant-making.

As per the deadline for the TRP review window the applicant registered for.

**Prepared by:**
- CCM engages a broad range of stakeholders, including civil society and communities of key and vulnerable populations, the implementers… in developing the funding request.
- CCM Secretary (or representative for other types of applicants) submits the complete application package developed in an open and inclusive manner, in electronic format to the Access to Funding Department, with a copy to the Country Team.

### Capacity assessment of a new Principal Recipient for a disease component or a Principal Recipient undertaking new activities (if applicable)

6.2 Decision to undertake capacity assessment of the nominated Principal Recipient (please refer to the OPN on Risk Management across the Grant Lifecycle).

Initiated when the CCM informs the Global Fund of the nominated Principal Recipient.

**Prepared by:**
- FPM in consultation with PST Specialist (Focused) or Finance, PHME, HPM, Health Financing and Risk Specialist (High Impact & Core).

**Reviewed by:**
- RM or DH (High Impact).
If the capacity assessment is not undertaken, the FPM initiates an exception process with the relevant Risk Specialist (see OPN on Risk Management).

6.3 Completed capacity assessment of the new Principal Recipient or the existing Principal Recipient undertaking new activities (please refer to the OPN on Risk Management)

Initiated prior, or latest, at the funding request submission; completed prior to the receipt of the TRP recommendations.

**Prepared by:**
- LFA conducts a tailored assessment defined by the Country Team.

**Reviewed by:**
- Finance Specialist reviews the LFA findings and recommendations on financial management and completing the grant-making documents and avoid delays in signing.
recommends to the FPM on the Principal Recipient capacity in this area. For focused portfolios, the PST Specialist reviews the capacity assessment only if the LFA raises major financial management issues (FPM informs PST if this is the case).

• HPM Specialist reviews the LFA findings and recommendations on sourcing operations and recommends to the FPM on the Principal Recipient capacity in this area.

• Public Health Monitoring and Evaluation (PHME) Specialist reviews the LFA findings and recommendations on M&E and programmatic areas (Program Quality, RSSH and Human Rights and Gender Equality) and recommends to the FPM on Principal Recipient capacity in this area.

• FPM reviews the LFA findings and recommendations on governance and health financing, reviews the recommendations of the Country Team Specialists in the other functional areas, and makes a final recommendation to the RM or DH (High Impact) whether to accept or reject the nominated Principal Recipient.

• Risk Specialist (High Impact and Core) reviews and indicates in IRM if they are aligned or not on the Capacity Assessment completion and appropriateness of the actions recommended to address the capacity issues identified.

**Approval by:**

- PO or FPM/FPA (Focused) uploads the completed Capacity Assessment in the Integrated Risk Management module.
- RM or DH (High Impact) decides to accept or reject the nominated Principal Recipient based on the above (via email).

<table>
<thead>
<tr>
<th>6.4 Where there is agreement between the applicant, implementer and the Country Team to advance grant-making deliverables to ensure implementation readiness: Initiated early selection of HR, SR(s), and procurement partners.</th>
<th>As early as possible at the funding request or grant-making stage</th>
<th>Prepared by:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>- Principal Recipient(s)</td>
</tr>
</tbody>
</table>
### 7- Screen for Completeness and Compliance with CCM Eligibility Requirements

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| 7.1 Funding requests screened for completeness and consistency. Confirmation that all required documents are submitted and programmatic and financial information is consistent across all documents. | Upon receipt of the funding request. | Prepared by:  
- Access to Funding Department, Applicant Support Team and relevant Country Teams screen the application; and  
- Technical teams review the respective funding request annexes they own. |
| 7.2 Assessment of compliance with CCM Eligibility Requirements and for availability of all CCM members' endorsements. | Upon receipt of the funding request. | Prepared by:  
- Access to Funding Department, Applicant Support Team with input from CRG and CCM Hub, documents findings through the Screening Review Form for eligibility requirements 1 and 2.  
- CCM Hub confirms applicants' compliance with eligibility requirements 3 to 6 to inform the overall eligibility status of the applicant.  
Reviewed by:  
- Country Teams review the completed Screening Review Form  
Approved by:  
- Access to Funding, Department Head approves findings for applicants considered compliant with Eligibility Requirements 1 and 2  
- Compliance Review Panel assesses instances where applicants are deemed indeterminate compliant, compliant with issues or non-compliant and makes a final decision.  
- In instances where the Compliance Review Panel cannot reach a consensus, the decision is escalated to the GAC. |
### 8- TRP Review and Recommendation

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1 Secretariat Briefing Note prepared to support the TRP review.</td>
<td>Before the start of the TRP review.</td>
<td><strong>Prepared by:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Country Team, with the support from various technical teams.</td>
</tr>
<tr>
<td>8.1 Funding requests reviewed and outcome, findings and issues captured in</td>
<td></td>
<td><strong>Prepared by:</strong></td>
</tr>
<tr>
<td>the TRP Review and Recommendation Form.</td>
<td></td>
<td>• TRP Review and Recommendation:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>During TRP Review Meeting.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• TRP Leadership Clearance of TRP Review and Recommendation Form: average of 10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>working days after TRP review.</td>
</tr>
</tbody>
</table>

**Approved by:**
- TRP Plenary approves the outcome from the review group.
- TRP Leadership signs off on the TRP Review and Recommendation Form.
- Final TRP Review and Recommendation Form is shared with the Country Team by Access to Funding for review and approval before sharing with the applicant.

---

### 9- GAC Steer

**90** (if applicable)

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1 If needed and requested by the Country Team or GAC Secretariat members,</td>
<td>Before or after the TRP meeting.</td>
<td><strong>Prepared by:</strong></td>
</tr>
<tr>
<td>GAC provides steer for critical management concerns or findings captured in</td>
<td></td>
<td>• GAC</td>
</tr>
<tr>
<td>the TRP Review and Recommendation Form.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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88 TRP may recommend a shift of activities from the PAAR to be funded from the allocation and/or deprioritize activities from the allocation and move them to the PAAR. Such instances requiring a PAAR Update, please refer to the OPN on Grant Revisions for guidance.

89 For more details on how the TRP issues are addressed during grant-making and grant implementation please refer to the OPN on Make, Approve and Sign grants.

90 Please refer to GAC terms of reference.
## 10- Notify the Applicant

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.1 Applicant notified regarding:</td>
<td>On average, 5 working days (English only) or 10 working days (for translation) from the receipt of the Final TRP and Recommendation Form from Access to Funding.</td>
<td>Prepared by:</td>
</tr>
<tr>
<td>• TRP recommendation and GAC steer (as relevant)</td>
<td></td>
<td>• Country Team</td>
</tr>
<tr>
<td>• Guidance on grant-making (as relevant)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## 11- TRP Clarifications

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1 TRP issues addressed</td>
<td>Initiated after receiving TRP recommendation:</td>
<td>Approved by:</td>
</tr>
<tr>
<td>• Completion is a pre-requisite for grant submission to GAC in order for issues to be cleared during grant-making</td>
<td>• For issues to be cleared by the TRP: TRP members review and TRP leadership signs off on the recommendation</td>
<td>• For issues to be cleared by the Secretariat: Country Team</td>
</tr>
<tr>
<td>• Completion during the implementation of the grant for issues to be cleared during grant implementation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.2 Tracking and reporting on the TRP clarifications process</td>
<td>GAC and other relevant stakeholders will be informed periodically of the status of completion of the TRP clarifications process</td>
<td>Prepared by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• GAC Secretariat reports to GAC members on regular basis</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• TRP Secretariat keeps TRP Leadership informed on status of completion of TRP issues</td>
</tr>
</tbody>
</table>

## 12- PAAR Update

### PAAR Update Due to TRP Recommendations

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
12.1 TRP recommendation to shift activities from PAAR to be funded from allocation and/or deprioritize activities from allocation and move them to the PAAR

**During a TRP review window**

**Recommended by:**
- TRP Review Group

**Approved by:**
- Assigned member of TRP leadership

12.2 UQD revised to address TRP recommendation

**After TRP leadership approval and during the grant-making or implementation process**

**Prepared by:**
- Access to Funding, Applicant Support Team revises the PAAR request as per the TRP recommendation and in consultation with the Country Team

**Approved by:**
- Access to Funding, Applicant Support Manager

### PAAR Update Due to Sources of Funding Becoming Available

<table>
<thead>
<tr>
<th>Key Outputs</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.3 Agreement to update the PAAR</td>
<td>When new evidence-based information becomes available and there is a potential opportunity for funding</td>
<td>• Country Team, in discussion with the Principal Recipient and Access to Funding Department for guidance on the process</td>
</tr>
</tbody>
</table>
| 12.4 PAAR Update template completed and submitted to Global Fund Secretariat | Prepared by:  
- Applicant, in consultation with the PR and in-country stakeholders to inform the revised PAAR request  
**Approved by:**  
- The CCM or RCM through the endorsement of (i) the Chair and (ii) the civil society representative if the Chair is the representative of the Government, or the representative of the Government if the Chair is the representative of civil society

| 12.5 Secretariat review and input on the PAAR Update | Upon receipt of the PAAR Update submission | Reviewed by: |

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91 The Country Team addresses with the applicant the revisions emanating from the TRP recommendations that concern the budget during the grant-making process.

92 In the instance of applying grant savings to the UQD register, please refer to the process detailed in the [OPN on Grant Revisions](https://www.globalfund.org/en/what-we-do/funding/).  
93 For Non-CCMs and ROs, the Legal Representative’s endorsement shall suffice.
12.6 Differentiated TRP review based on the extent and trigger of the updates made to the initial TRP-reviewed and approved PAAR

Upon receipt of the PAAR Update submission

- Access to Funding, Applicant Support Team with relevant Country Team, confirm potential availability of funding and screen for completeness and consistency
- Country Team, prepares a brief note for the TRP on the program since the initial TRP review situating the PAAR Update in the grant context

Approved by:
- Access to Funding, Applicant Support Manager for completeness and consistency screening
- RM or DH (for High Impact Departments) for the Country Team briefing note to the TRP

Reviewed and approved by:
- TRP Leadership and Focal Points (streamlined review):
  1. for PAAR updates to be funded through additional resources\(^\text{94}\) that only consist of increasing amounts for activities already reviewed and recommended by the TRP and placed on the UQD.
  2. for PAAR Updates resulting from new scientific evidence and normative guidelines, with portfolio-wide implications requiring all countries to systematically update their national strategies or revise key interventions\(^\text{95}\). The Secretariat will consult TRP Leadership and Focal Points and seek their endorsement through a memo, following which individual countries may update their PAAR without requiring a larger TRP Review Group review and approval. The memo will be developed in consultation with relevant TAP advisors.

Reviewed by:
- TRP Review Group (standard review) for:
  - PAAR Updates that consist of including new activities due to evolving country contexts, emerging needs due to the change in the epidemiology profile, substantial additional funding becoming available to the applicant that changes the

\(^{94}\) Additional resources include any amount coming from the Portfolio Optimization process, External Contributions/Innovative Financing, Debt to Health, savings derived from forex gains, etc.

\(^{95}\) This TRP endorsement of portfolio wide strategic investments and updates to programs is based on lessons learned from transitioning the portfolio to new MDR-TB treatment regimens.
scope of the initial request, among others. These situations will be discussed on a case-by-case basis. If a standard review is deemed necessary, a TRP Review Group\(^6\) will be identified to undertake a deeper assessment and recommendation of the PAAR Update.

**Approved by:**
- An assigned member of the TRP leadership signs-off on the review and recommendation captured in the PAAR Update template and/or the PAAR Update Review Form.\(^7\)

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\(^6\) Where possible, the same Review Group that undertook the review of the initial Funding Request and PAAR submission will be called upon to review the PAAR Update request.

\(^7\) The PAAR Update Review Form shall be completed by the TRP only in instances where the TRP wants to raise issues and actions for the applicant’s attention in relation to their review.
## Monitoring and Reporting

The design and review of funding request processes will be monitored by the Access to Funding Department.

The following data points will be monitored:

<table>
<thead>
<tr>
<th>Item</th>
<th>Monitoring</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Requests</strong></td>
<td>Number of funding requests registered, submitted, reviewed, recommended for grant-making by review window and cumulatively</td>
<td>Access to Funding</td>
</tr>
<tr>
<td></td>
<td>Application approach used</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of funding requests iterated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amounts recommended for funding by the TRP from the allocation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amounts requested and recommended by the TRP for catalytic matching funds and multicountry requests</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of days from the submission of the funding request to notifying the applicant of the outcome (broken down as follows: number of days from submission to TRP review meeting, TRP review meeting to finalization of form, finalization of form to notifying the applicant)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number and types of issues raised by the TRP during their review</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TRP observations and lessons learned from the different review windows</td>
<td></td>
</tr>
<tr>
<td><strong>PAAR/UQD</strong></td>
<td>Amounts requested for above allocation and interventions and amounts recommended as UQD</td>
<td>Access to Funding</td>
</tr>
<tr>
<td></td>
<td>Number of PAARs updated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Triggers for the PAAR Updates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Updated UQD Register and financing of UQD</td>
<td>Access to Funding &amp; Finance</td>
</tr>
<tr>
<td><strong>TRP Clarifications Process</strong></td>
<td>Periodic reporting to the GAC on the status of completion of TRP issues through the TRP issues database per allocation period</td>
<td>Access to Funding</td>
</tr>
</tbody>
</table>
Key Reference Documents

- OPN on Design and Review of Funding Requests
- OPN on Make, Approve and Sign Grants
- OPN on Grant Revisions
- OPN on Co-financing (*link forthcoming*)
- Country Coordinating Mechanism Policy Including Principles and Requirements
- Guidelines for Grant Budgeting

Change History

<table>
<thead>
<tr>
<th>Version No.</th>
<th>Approved by</th>
<th>Change Description</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>EGMC</td>
<td>Update to incorporate guidance on PAAR Updates.</td>
<td>28 February 2022</td>
</tr>
<tr>
<td>1.1</td>
<td>EGMC</td>
<td>Update to reflect changes relevant to the 2023-2025 allocation period (Grant Cycle 7) and emanating from the 2023-2028 Global Fund Strategy.</td>
<td>12 January 2023</td>
</tr>
</tbody>
</table>
Operational Policy Note

Make, Approve and Sign Grants

Approved on: 13 March 2023, updated 14 June 2023
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions and Support Department
Sub-process Owners: See Annex 1

Process Metrics for Make, Approve and Sign Grants
Principal Recipients and Country Teams are expected to meet the following metrics:
- Grants are submitted to the Grant Approvals Committee within six months from the relevant funding request submission to the Technical Review Panel; and
- The Grant Confirmation is signed by the Global Fund at least one month before the (new) Implementation Period start date.

Overall Objective

1. The Make, Approve and Sign Grants (hereinafter referred to as grant-making) process translates the funding request, including any recommendations from the Technical Review Panel (TRP) and the Grant Approvals Committee (GAC) into quality grants that are (1) disbursement-ready for GAC recommendation and Board approval, and (2) implementation-ready at Implementation Period (IP) start date.

<table>
<thead>
<tr>
<th>Disbursement-ready</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disbursement readiness is achieved when:</td>
</tr>
<tr>
<td></td>
<td>i. all grant documents required for GAC recommendation are in their final form and agreed by the Country Team (CT) and the Principal Recipient (PR);</td>
</tr>
<tr>
<td></td>
<td>ii. issues identified by the TRP that need to be addressed during the grant-making stage have been addressed to the satisfaction of the TRP and/or the Secretariat (where delegated);</td>
</tr>
</tbody>
</table>

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98 Unless defined in this OPN or the context otherwise requires, all capitalized terms used in this OPN shall have the same meaning set out in the Global Fund Grant Regulations (2014).
99 A quality grant is defined as a grant positioned to effectively deliver its strategic objectives and achieve the targeted impact as reviewed by the TRP and as approved by the Global Fund Board.
100 As defined in Annex 2.
iii. issues identified by the CT that need to be addressed prior to the release of the first Annual Funding Decision (AFD) and disbursement are resolved; and
iv. residual risks have been identified and prioritized, with actions and controls defined to mitigate each risk to an acceptable level.

| **Implementation-ready** | **Implementation readiness is achieved when:** a disbursement-ready grant has been approved and signed at least one month, and ideally two months, before the IP start date, and the PR can begin implementing grant activities\(^{101}\) immediately on the IP start date. This requires advance preparation, such as:
  i. early identification and contracting of PR human resources;
  ii. early identification and contracting of Sub-recipients (SR),;
  iii. early identification and contracting of Suppliers of health products and critical services\(^{102}\); and
  iv. an agreed implementation work plan\(^{103}\) for year one of the IP. |

2. Disbursement readiness and implementation readiness facilitate (i) timely implementation of grant activities from the IP start date; and (ii) continuity of grant activities across IPs. Achieving disbursement readiness and implementation readiness requires that grant-making deliverables (see Annex 2) are initiated as early as possible at the funding request stage.

3. During grant-making, the PR and Country Team continue to ensure that the Global Fund strategy is translated into the grant design. This includes incorporating the priorities for step change, key areas that would require increased focus in order to achieve global goals using the Global Fund strategy as an enabler.

Figure 1 defines the grant-making process and sub-processes and critical timelines:

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\(^{101}\) Excluding preparatory activities required to be undertaken prior to the Implementation Period start date.

\(^{102}\) Such as warehousing or distribution services that need to be in place without a break in contract. Where required, CTs ensure the early identification and contracting of fiscal or fiduciary agents.

\(^{103}\) The Global Fund does not have a prescribed template for the implementation work plan.

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**THE GLOBAL FUND**
4. **Use of Global Fund Partner Portal.** Critical engagements104 between the PRs and CTs during grant-making are facilitated through the Global Fund Partner Portal, an online platform that serves as a central point of information entry and document sharing. PRs nominate their contacts with grant deliverable access rights (editor or submitter) in the Global Fund Partner Portal following the process prescribed in the [OPN on Grant Entity Data](#) (see Section on Complete Grant Entity Data for further details).

**Operational Policy**

5. This Operational Policy Note (OPN) applies to grants financed under the 2023-2025 allocation period (Grant Cycle 7) and thereafter105.

6. The OPN applies to country and multicountry portfolios and grants unless otherwise specified in the dedicated multicountry section. While the principles and general requirements defined in this OPN apply across all portfolios, the specific grant-making deliverables do not apply to Focused portfolios, unless explicitly stated. Annex 2 provides a summary of the grant-making deliverables and how they apply to each portfolio category.

A. **PLAN**

7. Robust planning and preparation, incorporating lessons learned, are crucial to ensure timely grant-making, and implementation readiness at the IP start date.

A.1. **Agree on Deliverables and Timelines**

8. During the funding request stage, the Country Coordinating Mechanism (CCM)106, nominated PR(s) and CT jointly plan the funding request and grant-making stages in an integrated manner. They develop an end-to-end overview of milestones and deliverables that ensures grant signing at least one month before, and implementation readiness at the IP start date (see [OPN on Design and Review of Funding Requests](#)).

9. At the start of grant-making, the CT, PR, CCM and Local Fund Agent (LFA) discuss and update timelines to complete grant-making deliverables based on the TRP-recommended funding request. As part of the planning, the close collaboration and relevant inputs from in-country stakeholders, LFA, and the Global Fund Secretariat teams (including the engagement of the Technical teams to support the inclusion of priorities for step change) throughout grant-making are defined.

10. The CT ensures the early engagement of the LFA in the review of the effectiveness of the proposed grant design and implementation arrangements, including how the Global Fund strategic priorities are incorporated. LFA services are tailored according to the assurance needs of the CT using relevant LFA tools and guidelines.

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104 Such as notifications, document sharing and submission.
105 The OPN on Make, Approve and Sign Grants issued on 14 March 2022 applies to grants financed under the 2020-2022 allocation period (Grant Cycle 6).
106 Throughout this OPN, references to CCM include any Regional Coordinating Mechanism (RCM), Regional Organization (RO) or other applicant, as applicable.
A.2. Complete Capacity Assessment (if applicable)

11. Capacity assessment of PRs (if applicable) is initiated and completed at the funding request stage so that the nominated PRs are confirmed and accepted by the Global Fund in time for grant-making. In exceptional cases, where a capacity assessment requires more time, this must be completed as soon as possible during grant-making.

A.3. Confirm Resourcing

12. For continuing grants, the CT and PR determine if additional PR human resources are needed to support grant-making, noting that grant-making activities overlap with the continuing implementation of activities and IP reconciliation of the existing grant(s). 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 (see OPN on Grant Revisions). For new PRs or existing PRs implementing a grant in a different disease component, the CT and PR determine if resources are required for PR capacity building and start-up activities and apply for advance payment accordingly. (See section on Apply for Advance Payment of this OPN).

A.4. Complete Grant Entity Data

13. Grant Entity Data (GED) includes data and information required to successfully process grant documentation and disbursements. During funding request and grant-making, the CCM, PR(s), LFA and third-party organizations are responsible to ensure that accurate GED information is provided/updated for the Global Fund Secretariat’s validation, as follows:

i. PR, CCM and LFA organization information containing official name, organization type, and address of the organization.

ii. PR and/or third-party banking information containing the bank account details, including name, address, account holder name and routing requirements.

iii. PR, CCM and LFA contact information:
   a. PR authorized signatories for legally binding documents and/or disbursement requests;
   b. CCM acknowledgment signatories for legally binding documents between the PR and the Global Fund (Chair and relevant CCM representative);
   c. PR and LFA organization representative for notices; and
   d. PR and LFA contacts with grant deliverables access rights (editor or submitter) for the Global Fund Partner Portal.

14. GED change requests are processed following the OPN on Grant Entity Data and through the Global Fund Partner Portal.

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107 A capacity assessment is required for: (i) all new PRs who have not previously implemented a grant for the disease component; and (ii) existing PRs who will be implementing new activities for which their capacity has not been previously assessed. Outside of these two mandatory situations, a Country Team may also conduct a capacity assessment for an existing PR or select SRs if necessary to manage risks. The OPN on Risk Management provides the process for determining if a capacity assessment is required for a nominated PR or an SR and includes possible exceptions.

108 See OPN on Design and Review Funding Requests and OPN on Risk Management.

109 Such as when the initial nominated PR was not accepted by the Global Fund and another PR capacity assessment needs to be initiated.

110 And Lead Implementer, if applicable.

111 A Supplier of services or goods which is expected to receive direct disbursements of grant funds from the Global Fund. See OPN on Grant Entity Data.

112 In the absence of the CCM Chair, endorsement by the Vice Chair is acceptable if in line with the CCM’s governing documents.

113 The civil society representative if the CCM Chair is the representative of the government, or the representative of the government if the CCM Chair is the representative of civil society.

15. The country dialogue process\textsuperscript{114} continues during grant-making and implementation, through the CCM with the continued involvement of community and civil society representatives\textsuperscript{115}. Robust engagement of communities helps ensuring that investments are evidence- and rights-based, gender and age responsible, equitable and sustainable. In addition, the Funding Priorities of Civil Society and Communities Affected by the Three Diseases annex submitted with the Funding Request is also considered in the grant design.

16. As part of the effort to ensure community and civil society engagement:

i. The CCM convenes at least two meetings for the PR to brief and receive feedback from the CCM, including the community and civil society representatives on:
   a. how the PR is designing key elements of the grant,
   b. insights on the funding priorities of civil society and communities, and
   c. opportunities for Community-Based and Community-Lead Organizations’ (CBO/CLO) involvement in grant implementation.

   These two meetings are required for High Impact and Core and a best practice for Focused portfolios.

ii. The CT convenes one dedicated meeting during grant-making to brief and receive feedback from community and civil society representatives, as a best practice. This meeting ideally takes place during the CT grant-making mission and is in addition to the meetings described above.

iii. Community and civil society representatives participate in grant-making negotiations as a best practice, with support from Secretariat teams, technical assistance providers, and/or in-country partners, as appropriate.

B. NEGOTIATE

17. During the negotiate phase, all grant-making deliverables required prior to GAC review (see Annex 2) are completed and TRP issues due at grant-making are addressed, resulting in a finalized disbursement-ready grant for submission to GAC. Simultaneously, the PR continues work to ensure implementation readiness by the IP start date.

B.1. Request GAC Steer or Decision (if applicable)

18. As indicated in the \textit{OPN on Design and Review Funding Request}, CTs or GAC members\textsuperscript{116} can request a GAC steer\textsuperscript{117} at any time before or after the TRP review based on certain pre-identified triggers, including but not limited to, risk, need for strategic or operational steer to address critical management concerns related to grant-making, size of investment or strategic priorities.

19. GAC steer following a TRP review does not prevent the start of grant-making unless the nature of the steer needed from GAC is integral to initiating such negotiations.

20. Separately, the CT can request for a GAC decision to determine matching funds awards based on TRP recommendations and prior to grant-making.

\textsuperscript{114} Country Dialogue process refers to engaging a broad range of stakeholders, including members and non-members of the CCM, representatives of the civil society and communities affected by the three diseases, experts in health systems, and other relevant experts depending on country context, to identify and contribute to addressing structural barriers to HIV, Tuberculosis and Malaria and to guide and implement health programs to effectively respond to their diverse needs.

\textsuperscript{115} The \textit{OPN on Design and Review Funding Requests} provides guidance on various mechanisms to support community and civil society representatives in the country dialogue process.

\textsuperscript{116} Including technical and donor partners that participate in the GAC.

\textsuperscript{117} Refer to the GAC ToRs.
B.2. Finalize Grant Documents

21. The development of grant documents starts during the funding request stage and continues into grant-making. The final grant documents are developed and reviewed by the PR, CT and LFA so that documents are:
   i. aligned with the funding request that has been reviewed and recommended by the TRP (including addressing TRP issues);
   ii. aligned with the Global Fund strategy by incorporating priorities for step change in the grant design;
   iii. accurate and clear to ensure quality and timely implementation, monitoring and reporting;
   iv. streamlined\(^{118}\), in that they are not overly complex and difficult to report against;
   v. consistent with one another (critical for key grant documents such as the Performance Framework, Detailed and Summary Budgets, Health Product Management Template (HPMT) and Grant Confirmation); and
   vi. compliant with relevant Global Fund policies, guidelines, and template requirements.

22. Efficiencies identified during grant-making are reinvested to expand approved activities within the allocation and/or to fund the Prioritized Above Allocation Requests (PAAR) activities recommended by the TRP and placed on the Unfunded Quality Demand (UQD) register. Once efficiencies are identified, UQD activities of the equivalent budget amount can be included in the Detailed Budget (see Instruction for Completing the Detailed Budget Template). The UQD is updated by CTs to reflect the latest information for activities that have been partially or fully funded throughout the grant lifecycle. 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 submission of a PAAR update for TRP review\(^{119}\). The reinvestment of foreign exchange savings during grant-making is subject to the Guidelines for Grant Budgeting.

23. Throughout grant-making and implementation, the Global Fund Secretariat may allow or request CCMs to submit an updated PAAR\(^{120}\). PAAR updates can be triggered by any of the following instances:
   i. PAAR update due to TRP recommendations; and/or
   ii. PAAR update due to additional sources of funding becoming available:
      a. portfolio optimization;\(^{121}\)
      b. external financial contributions;\(^{122}\) and
      c. foreign exchange savings.\(^{123}\)

B.3. Address TRP Issues

24. The CCM, PR and CT collaborate to ensure TRP issues and actions to be addressed during grant-making are completed and reflected in the final grant documents. The CT reports to the GAC on the status of completion (i.e., met or in progress) and requests GAC

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\(^{118}\) CTs and PRs are expected to use flexibilities available to simplify grant documents such as budget and performance frameworks for Focused portfolios.

\(^{119}\) For more information, please refer to the OPN on Design and Review of Funding Requests, Annex 5

\(^{120}\) Ibid

\(^{121}\) For more information, please refer to the Guidance on Portfolio Optimization (link forthcoming)

\(^{122}\) For more information, please refer to the Framework on Private Sector Engagement and Policy on Restricted Financial Contributions (PRFC).

\(^{123}\) For more information, please refer to the Guidelines for Grant Budgeting.
steer on exceptional cases where a TRP issue cannot be addressed within the designated timeline.\textsuperscript{124}

**B.4. Agree on Co-financing Commitments**

25. To achieve lasting impact, increased domestic investments in national health systems and the three diseases is essential to meeting targets and goals included in national strategies. Global Fund co-financing requirements encourage progressive increases in overall health spending and gradual domestic uptake of key program costs, including those financed by the Global Fund. Based on a review and assessment of past co-financing commitments (if applicable), specific co-financing commitments that strengthen impact and help address sustainability and/or transition challenges need to be agreed between the Global Fund and the Host Country before the submission of grant documents to GAC. See the \textbf{OPN on Co-Financing} for more details on these requirements.

**B.5. Identify Residual Risks and Mitigating Actions**

26. The initial risk assessment performed during the funding request stage\textsuperscript{125} is further developed during grant-making, based on a completed capacity assessment of the PR (if applicable) and known risks and gaps (if applicable), and review of grant documents. Key risks and capacity gaps need to be addressed as part of the design of the grant. Implementation arrangements must be captured in the Integrated Risk Management (IRM) module of the Grant Operating System (GOS) (if applicable) and reflected in the finalized grant documents.\textsuperscript{126}

27. Key residual risks, capacity gaps and mitigating actions need to be reported to the GAC. Depending on criticality, the CT decides if mitigating actions are captured, as: (i) legally-binding grant requirements in the Grant Confirmation to address a critical risk or issue related to implementation, (ii) Key Mitigating Actions captured in the IRM, or (iii) management actions. Both (ii) and (iii) are communicated to the PR in a Performance Letter upon completion of grant-making and are monitored throughout implementation.

28. During grant-making, CTs consider the major challenges and risks to sustainability and work with the PR to incorporate mitigating actions in grant design. Specifically, for all Upper Middle-Income Countries (UMIC) and Lower Middle-Income Countries (LMIC) with ‘Not High’ disease burdens, CTs work with the PR to address sustainability and transition considerations. See the \textbf{Sustainability, Transition & Co-Financing (STC) Policy} and the \textbf{STC Guidance Note}.

**B.6. Agree on Audit Arrangements**

29. During grant-making and prior to signing the Grant Confirmation, 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 timelines defined in the \textbf{Guidelines for Annual Audit of Global Fund Grants}.  

\textsuperscript{124} A regular report on the status of completion of TRP issues will be shared by the Access to Funding Department with GAC for information and steer, as needed.

\textsuperscript{125} See \textbf{OPN on Design and Review of Funding Requests}

\textsuperscript{126} See \textbf{OPN on Risk Management} for details regarding completing the risk assessment during grant making.
B.7. Ensure Implementation Readiness

30. Implementation readiness supports the timely implementation and continuation of programmatic activities across IPs. In addition to approval and signature of a disbursement-ready grant, the four principal criteria of implementation readiness are set out in the paragraphs below. To ensure implementation readiness, PRs are expected to initiate these deliverables early (including during the funding request stage where possible) so that they are well underway by the time of GAC review and completed by the IP start date. Achieving implementation readiness by the IP start date is required for High Impact and Core portfolios and a best practice for Focused portfolios.

31. **Early selection and contracting of PR human resources.** The PR defines the staffing structure, prepares Terms of Reference (ToRs) and identifies/seeks PR human resources against approved ToRs as early as possible during grant-making and signs contracts immediately upon Global Fund Board approval of the grant. For PRs continuing to the next IP, this entails updating already existing ToRs and extending contracts of well-performing human resources into the next IP.

32. **Early selection and contracting of SRs.** In line with the defined implementation arrangements, the PR prepares ToRs and selects the SRs as early as possible during grant-making and signs contracts immediately upon Global Fund Board approval of the grant. The SR selection needs to be transparent and well-documented based, among other criteria, on approved ToRs, capacity assessment and integrity due diligence. To maximize program effectiveness for communities most affected by HIV, TB, and malaria, including key and vulnerable populations, PRs are encouraged to select community-led organizations (CLO) and community-based organizations (CBO) with appropriate capacity and expertise, including through the use of e.g., results-based contracting arrangements. See [OPN on Design and Review Funding Requests](#) Annex 4 on Global Fund Implementers.

33. **Early selection and contracting of suppliers for health products and critical services for year one.** Procurement of health products and critical services are done through Global Fund Pooled Procurement Mechanism (PPM) and/or PR own procurement processes.

   i. For procurement of health products or critical services through the PR’s own processes, suppliers are selected with approved ToRs as early as possible during grant-making and contracted immediately upon Global Fund Board approval of the grant. Where recurrent procurement activities are anticipated, it is recommended for contracts to cover the duration of the IP.

   ii. For procurement of health products through PPM, the [OPN on Pooled Procurement Mechanism](#) applies. The PPM purchase requisition is initiated by the PR immediately after grant signing and approved by the Global Fund by the IP start date.

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127 Alternatively, the PR can assess if contracts could be signed earlier with adequate conditionality pending Global Fund Board approval of the grant and where this is consistent with local laws and the PR’s own internal procedures.

128 As determined by the PR.

129 Alternatively, the PR can assess if contracts could be signed earlier with adequate conditionality pending Global Fund Board approval of the grant and where this is consistent with local laws and the PR’s own internal procedures.

130 Refer to the Global Fund Policies on [Combat Fraud and Corruption](#) and on [Conflict of Interest](#).

131 See the Payment for Results section in the [Guidelines for Grant Budgeting](#) and the Payment for Results OPN (forthcoming).

132 Such as fiscal/fiduciary agents, and in cases where warehousing or distribution services need to be in place without a break in contract.

133 Alternatively, the PR can assess if contracts could be signed earlier with adequate conditionality pending Global Fund Board approval of the grant and where this is consistent with local laws and the PR’s own internal procedures.
34. **Agreed implementation work plan for IP year one.** The CT and PR develop an implementation work plan as early as possible during grant-making and finalize it prior to the IP 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\(^{134}\). The Operational Procedures on [Oversee Implementation and Monitor Performance](https://www.theglobalfund.org) provide best practice guidance on implementation work plans. An implementation work plan is not required for Focused portfolios.

35. The Global Fund does not necessarily require a competitive re-selection of well-performing human resources, SRs, and Suppliers (for PRs procuring through their own processes) for each IP. The re-selection of human resources, SRs and Suppliers must comply with the [Global Fund Grant Regulations (2014)](https://www.theglobalfund.org), the [Global Fund Policies on Procurement and Supply Management of Health Products](https://www.theglobalfund.org) and other applicable laws and regulations. Contracts for PR human resources, SRs and Suppliers must be consistent with relevant terms and conditions of the Grant Agreement.

36. PRs take 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 IP start date.

37. PRs are primarily responsible for achieving implementation readiness at the IP start date. CTs have a crucial role in assisting PRs to achieve this objective. As appropriate, the CT works with the PR to identify support mechanisms depending on the PR type and its circumstances (see section on Apply for Advance Payment).

**B.8. Apply for Advance Payment (if applicable)**

38. To support PRs in completing grant-making with minimal delay and ensure implementation readiness, certain expenditures may be financed prior to the signing of the Grant Confirmation, subject to the conditions detailed in Annex 3 on Advance Payment Mechanism. Advance payments are limited to two types of activities with distinct eligibility requirements: (1) capacity building and start-up activities, and (2) health product procurement\(^{135}\). If these advance payments are not available (because the eligibility requirements are not fulfilled) limited activities may be financed by the PR based on exceptional Global Fund approval (see Annex 3 for more details).

**B.9. Plan for Implementation Period Reconciliation or Grant Closure**

39. In parallel with grant-making and at least six months in advance of the current IP end date, the CT, and the PR initiates the reconciliation of IP or closure process for expiring grants.

40. Budgeting for the next IP considers existing Program Assets that will be transferred from the current IP.

41. For IP reconciliation and grant consolidation cases, the PR submits the List of Program Assets to be transferred to the next IP at the same time as the budget for the next IP.

\(^{134}\) Implementation work plan also need to consider any insurance arrangements and arrangements relating to state approvals, consents and registrations that may impact year one activities.

\(^{135}\) PRs registered with PPM shall be guided by the provisions of paragraph 33 of this OPN.
42. In case of a change of PR, the List of Program Assets and Transfer Plan under the current grant is submitted by the outgoing PR no later than 3 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 and the CT as input to the budget for the new grant.

The final verification and transfer of Program Assets are undertaken as part of the IP reconciliation and closure process to be completed within six months from the end date of the closing IP (see Operational Procedures on Implementation Period Reconciliation and Grant Closure).

C. APPROVE

C.1. Submit for GAC Recommendation

43. The CT summarizes the outcomes of grant-making and documents progress and required actions towards implementation readiness in the Grant-Making Final Review Form. On behalf of the CT, the Fund Portfolio Manager (FPM)\(^{136}\) submits that the final grant is disbursement-ready (as defined in the Overall Objective section of this OPN) and confirms that all CT members, and other relevant teams have reviewed and endorsed the grant documents based on their areas of responsibilities. Areas of disagreement among CT members and other teams are resolved through escalation to relevant managers. Any unresolved critical issues are captured in the Grant-Making Final Review Form.

44. Prior to submission to GAC, the authorities set out in the table below review the outcomes of grant-making and confirm the disbursement readiness of the grant including progress towards implementation readiness. The Grant Finance Manager confirms the financial management arrangements of the grants\(^{137}\), grant financial data and pre-approves the first AFD for the grant provided this is processed within 30 days of the grant purchase order approval.

<table>
<thead>
<tr>
<th>GMD Departments</th>
<th>Authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>AME Focused Portfolios</td>
<td>Senior FPM, Cluster Lead (if applicable)(^{138}), or Regional Manager</td>
</tr>
<tr>
<td>Core and High Impact and portfolios managed by SFP, Cluster Lead (where applicable)</td>
<td>Regional Manager</td>
</tr>
<tr>
<td>AELAC</td>
<td>Regional Manager</td>
</tr>
<tr>
<td>High Impact Departments</td>
<td>Department Head</td>
</tr>
</tbody>
</table>

45. The GAC makes the final determination of disbursement readiness and progress made towards implementation readiness in line with its ToRs. These include the responsibility to review grant targets in terms of their contribution to the Global Fund Strategy targets and relevant co-financing commitments.

46. Based on its review, the GAC may (a) recommend the grant, if deemed disbursement-ready, for the Global Fund Board’s approval; (b) refer the proposed grant to the CT for revision or adjustments in response to GAC comments; or (c) refer the proposed grant to

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\(^{136}\) For portfolios with Disease Fund Managers (DFMs) the submission is done by the DFM and approved by the Senior FPM.

\(^{137}\) Including (but not limited to) the budgeting, accounting, internal controls, funds flow arrangement, financial reporting, and the financial risk and assurance framework of the grant.

\(^{138}\) Approval authority delegated to Senior FPM, Cluster Leads is with respect to Focused portfolios, including multicountry grants, in officially designated department clusters. Regional Managers retain approval authority for all portfolios directly managed by Senior FPM, Cluster Leads.
the TRP if there are material\textsuperscript{139} programmatic changes to the TRP-recommended funding request as a result of grant-making. The GAC may also recommend further actions for follow-up during grant implementation.

47. For grants recommended by GAC for Board approval, the GAC also decides if the grant signature process by the PR and CCM can be initiated contingent on Board approval (see section on Sign Grant Confirmation).

\textbf{C.2. Request Global Fund Board Approval}

48. Board approval of disbursement-ready grants is requested via an electronic report in which the Global Fund Secretariat summarizes the investment and salient points from the GAC discussion on the grant that is being recommended for approval. The Board approves the grants on a no-objection basis over a 10-working-day voting period.

49. For each grant, the Board approves funding for each country disease component, and its constituent grants.

\textbf{D. SIGN}

\textbf{D.1. Sign Grant Confirmation}

50. The signed Grant Confirmation\textsuperscript{140} is the legal instrument that, together with the Framework Agreement (if applicable), forms the basis of the contractual obligations between the Global Fund and the PR (or Grantee). A Grant Confirmation is signed for each IP. This signature is completed as soon as possible and at least one month before the IP start date.\textsuperscript{141}

51. If cleared by GAC, the PR (or Grantee) signature and CCM acknowledgement is initiated after GAC recommendation (contingent to Board approval). Otherwise, the signature process starts after Board approval.

52. The CCM acknowledgment must be provided by (i) the CCM Chair\textsuperscript{142} and (ii) the relevant CCM representative\textsuperscript{143}. The PR facilitates the signature process in-country so that it is completed in time for the Board approval of the grant.

53. After Board approval, upon receipt of the PR (or Grantee) signed and CCM-acknowledged Grant Confirmation, the Global Fund signs the Grant Confirmation per the Delegations of Signature Authority (as amended from time to time).

54. The Global Fund signature of the Grant Confirmation triggers the approval process of the grant purchase order.

\textbf{E. GET READY}

55. Following signature of the Grant Confirmation, the PR and CT continue to collaborate to ensure implementation readiness of the grant and process the first AFD.

\textsuperscript{139} Based on material programmatic changes defined in the \textbf{OPN on Grant Revisions} to be determined by CT and Technical Advisors.

\textsuperscript{140} A standalone grant agreement(s) may be used in certain cases.

\textsuperscript{141} Ideally, the Grant Confirmation is signed two months before the IP start date.

\textsuperscript{142} In the absence of the CCM Chair, endorsement by the Vice Chair is acceptable if in line with the CCM's governing documents.

\textsuperscript{143} The civil society representative if the CCM Chair is the representative of the government, or the representative of the government if the CCM Chair is the representative of civil society.
E.1. Process First Annual Funding Decision and Disbursement

56. Once the Grant Confirmation is signed and the grant purchase order is approved, the first AFD and disbursement is completed. AFDs processed within 30 days from the grant purchase order approval are pre-approved by the Grant Finance Manager as part of the submission to GAC (see the OPN on Annual Funding Decisions and Disbursements).

57. The first disbursement is based on cash requirements in line with the implementation work plan and the related approved budget.

58. Grant activities can be initiated once the Grant Confirmation is signed using either cash balance from a previous grant (if applicable) or the funds disbursed as per the first AFD. Activities to be implemented before the IP start date require written approval by the CT.

E.2. Confirm Implementation Readiness

59. CTs request LFAs to perform an Implementation Readiness Assessment\(^\text{144}\) to confirm whether the PR has met the implementation readiness criteria at the IP start date. This assessment needs to be submitted by the LFA to the Global Fund within the first 1.5 months of implementation.

60. In the event that implementation readiness is not achieved, the CT and the PR define time-bound management actions for each grant to address the outstanding issues.

Specific Multicountry Considerations

61. Multicountry grants refer to:
   i. grants financed through pooled country allocations (e.g., Multicountry Western Pacific and Multicountry Caribbean);
   ii. regional grants financed solely through the Catalytic Investments – Multicountry Modality; and
   iii. regional grants financed through a combination of pooled country allocations and Catalytic Investments (e.g., the Regional Artemisinin-resistance Initiative (RAI)).

62. Multicountry grants generally follow the same requirements set out in this OPN, with the following specific considerations:
   i. For multicountry grants, reference to CCM includes engagement of the Regional Organization (RO) (if applicable), Regional Coordinating Mechanism (RCM) (if applicable) and CCM representatives of all countries included within the grant (if applicable).
   ii. The legal and political considerations and logistics of cross-border implementation are considered when tailoring LFA-services.
   iii. During planning, relevant stakeholder engagement includes all countries that form part of the grant application and also PRs of existing Global Fund grants in the countries.

\(^\text{144}\) See LFA Assessment on Implementation readiness.
iv. For multicountry grants financed under the Multicountry Catalytic Investments, the updated Programmatic Gap Tables, the updated Funding Landscape Table and Monitoring and Evaluation (M&E) plan are not required as part of grant-making.

v. Required co-financing commitments for multicountry grants are defined in the OPN on Co-Financing.
### Annex 1. Sub-process Owners

<table>
<thead>
<tr>
<th>Sub-process name</th>
<th>Sub-process owner</th>
<th>Output(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree on Deliverables &amp; Timelines</td>
<td>Department Head, Grant Portfolio Solutions &amp; Support (GPS)</td>
<td>Integrated FR and Grant-making project plan (best practice)</td>
</tr>
<tr>
<td>Confirm Resourcing</td>
<td>Department Head, GPS</td>
<td>Defined PR grant-making human resources needs Approved request for financing of additional PR human resources through grant revision (if applicable)</td>
</tr>
<tr>
<td>Complete Grant Entity Data</td>
<td>Manager, Cash Management and Financial Services Team, Treasury &amp; Financial Transaction Management</td>
<td>Approved Grant Entity Data (including PR, CCM, LFA and/or Third-Party information, banking information and signatory information)</td>
</tr>
<tr>
<td>Continue Country Dialogue during grant-making</td>
<td>Department Head, GPS</td>
<td>Meetings among the PR, CT, CCM (including civil society and communities representatives) and LFA</td>
</tr>
<tr>
<td>Request GAC Steer (if applicable)</td>
<td>Manager, GAC Secretariat, Access to Funding (A2F)</td>
<td>GAC Steer or Decision on critical management concerns; or Awarded additional funding; or Revised upper ceiling for grant-making</td>
</tr>
<tr>
<td>Finalize Grant Documents</td>
<td>Department Head, GPS</td>
<td>See detailed list of grant documents and ownership in Annex 2</td>
</tr>
<tr>
<td>Address TRP Issues</td>
<td>Manager, TRP, A2F</td>
<td>Clearance of TRP issues due at grant-making stage TRP issues management module in GOS updated</td>
</tr>
<tr>
<td>Agree on Co-financing Commitments</td>
<td>Department Head, Health Finance</td>
<td>Co-financing commitments Co-financing Commitment Letter</td>
</tr>
<tr>
<td>Identify Residual Risks and Mitigating Actions</td>
<td>Department Head, Risk Management</td>
<td>Captured residual risks and mitigating actions in IRM Captured key residual risks and mitigating actions in GMFRF</td>
</tr>
<tr>
<td>Agree on Audit Arrangements</td>
<td>Department Head, Grant Financial Management</td>
<td>Agreed scope and approach of Audit for the Grant Defined</td>
</tr>
</tbody>
</table>

145 Key responsibilities of sub-process owners include (i) define business design & requirements for system development, (ii) define test scenarios, ensure tester availability, user acceptance testing & sign-off of requested item from a process, policy, system & data perspective, (iii) prepare change management, training & communications materials (as input into the overall launch communications & change management); (iv) ensure policy, guidance, instructions are up to date, (v) ensure compliance (e.g. reporting, checks for completion at GAC submission etc.), (vi) provide daily support to end-users throughout process completion / grant life cycle (including handling of Service Now tickets). The overall process owner signs-off on any process, sub-process, template, or tool changes.
<table>
<thead>
<tr>
<th>Sub-process name</th>
<th>Sub-process owner</th>
<th>Output(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure Implementation Readiness</td>
<td>Department Head, GPS</td>
<td>Selected and contracted PR Human Resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Selected and contracted SRs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Selected and contracted Suppliers of health products and critical services for year 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agreed implementation work plan for year 1 of the IP</td>
</tr>
<tr>
<td>Apply for Advance Payment (if applicable)</td>
<td>Department Head, Grant Financial Management</td>
<td>Approved advance payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Advance payment agreement or Advance Payment Letter</td>
</tr>
<tr>
<td>Submit for GAC Recommendation</td>
<td>Manager, GAC Secretariat, A2F</td>
<td>Pre-GAC review and recommendations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GAC recommendation for Board approval via GAC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Report to the Board; GAC Financial Dashboards</td>
</tr>
<tr>
<td>Request Global Fund Board Approval</td>
<td>Manager, GAC Secretariat, A2F</td>
<td>Board-approved disbursement-ready grant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approved grant purchase order</td>
</tr>
<tr>
<td>Sign Grant Confirmation</td>
<td>Deputy General Counsel, Grant Management, Legal &amp; Governance Department (LGD)</td>
<td>Execution-ready Grant Confirmation</td>
</tr>
<tr>
<td>Process first AFD &amp; Disbursement</td>
<td>Department Head, GPS</td>
<td>First AFD &amp; disbursement</td>
</tr>
<tr>
<td>Confirm Implementation Readiness</td>
<td>Department Head, GPS</td>
<td>Implementation-ready grant by IP start date</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Completed LFA assessment of IR within one month of IP start date</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Form, functionality or tool</th>
<th>Owner*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity assessment form</td>
<td>Department Head, Risk Management</td>
</tr>
<tr>
<td>Modular Framework &amp; Performance Framework</td>
<td>Senior Manager, Monitoring Evaluation &amp; Country Analysis Team, Programmatic Monitoring</td>
</tr>
<tr>
<td>Detailed Budget(s)</td>
<td>Department Head, Grant Financial Management</td>
</tr>
<tr>
<td>Health Product Management Template (HPMT)</td>
<td>Health Product Management (HPM) Managers, Grant Management</td>
</tr>
<tr>
<td>List of Program Assets</td>
<td>Department Head, Grant Financial Management</td>
</tr>
<tr>
<td>Implementation Arrangements Map</td>
<td>Department Head, GPS</td>
</tr>
<tr>
<td>Programmatic Gap Tables and Funding Landscape Table (incl. Co-financing)</td>
<td>Department Head, Health Finance</td>
</tr>
<tr>
<td>Form, functionality or tool</td>
<td>Owner*</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Grant Entity Data</td>
<td>Manager, Cash Management and Financial Services Team, Treasury &amp; Financial Transaction Management</td>
</tr>
<tr>
<td>Co-financing Commitment Letter</td>
<td>Department Head, Health Finance</td>
</tr>
<tr>
<td>PAAR and register of UQD</td>
<td>Manager, Communication and Information Management Team, A2F</td>
</tr>
<tr>
<td>Grant Confirmation template and Grant Requirements</td>
<td>Deputy General Counsel, Grant Management, LGD</td>
</tr>
<tr>
<td>TRP Clarifications Form &amp; Applicant Response Form</td>
<td>Manager, TRP Secretariat, A2F</td>
</tr>
<tr>
<td>Integrated Risk Management</td>
<td>Department Head, Risk Management</td>
</tr>
<tr>
<td>Grant-Making Final Review Form (overall)</td>
<td>Head, OE Team, GPS</td>
</tr>
<tr>
<td>Grant Signing Calculator</td>
<td>Chief Finance Officer</td>
</tr>
<tr>
<td>Grant Purchase Order</td>
<td>Chief Finance Officer</td>
</tr>
<tr>
<td>PPM Purchase Requisition</td>
<td>Head, Planning and Procurement Transaction Management Team, Supply Operations</td>
</tr>
<tr>
<td>First AFD &amp; Disbursement</td>
<td>Department Head, GPS</td>
</tr>
<tr>
<td>Performance Letter</td>
<td>Department Head, GPS</td>
</tr>
<tr>
<td>Implementation Readiness Assessment</td>
<td>Department Head, GPS</td>
</tr>
</tbody>
</table>
Annex 2. Requirement Levels by Portfolio Category

The table below defines the differentiated grant-making requirements for each portfolio category (High Impact, Core and Focused) and for Focused portfolio management models (Aligned, Targeted, Light, Legacy) for country and multicountry portfolios. The table also specifies which deliverables are required for submission to GAC.

Additional flexibilities for multicountry portfolios financed under the Multicountry Catalytic Investments, COE portfolios and grants with payment for results elements are also captured in the footnotes for the CT to consider when providing guidance to PRs.

<table>
<thead>
<tr>
<th>Grant-making Deliverables</th>
<th>Submission to GAC</th>
<th>Requirement by Portfolio Category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>High Impact &amp; Core</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Focused</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Aligned</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Targeted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Light</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legacy</td>
</tr>
</tbody>
</table>

**Due Date for Finalization: Receipt of TRP Recommendations**

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>High Impact &amp; Core</th>
<th>Focused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Updated Integrated Funding Request and Grant-making Project Plan</td>
<td>BP</td>
<td>BP</td>
</tr>
<tr>
<td>Capacity Assessment (if applicable)</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

**Due Date for Finalization: Pre-GAC Review and Submission to GAC**

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>High Impact &amp; Core</th>
<th>Focused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Framework per grant</td>
<td>R, R²</td>
<td>R, R</td>
</tr>
<tr>
<td>Summary and Detailed Budget per grant</td>
<td>R, R²</td>
<td>R, R</td>
</tr>
<tr>
<td>Health Product Management template</td>
<td>R</td>
<td>-</td>
</tr>
<tr>
<td>List of Program Assets to be transferred from the current to the next IP</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Updated/New Implementation Arrangements Map</td>
<td>R, R²</td>
<td>R</td>
</tr>
<tr>
<td>Updated Programmatic Gap Table(s)</td>
<td>R, R²</td>
<td>R</td>
</tr>
<tr>
<td>Grant Entity Data</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Co-financing Commitment Letter</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Updated UQD Register (if applicable)</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Grant Confirmation</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>TRP Review Form for TRP issues to be addressed during grant-making</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Updated Risk Tracker</td>
<td>R</td>
<td>-</td>
</tr>
<tr>
<td>Grant-making Final Review Form</td>
<td>R, R²</td>
<td>R</td>
</tr>
<tr>
<td>Grant Signing Calculator including Grant Exception and Escalation Form</td>
<td>Y, R</td>
<td>R</td>
</tr>
<tr>
<td>Grant purchase order created</td>
<td>-</td>
<td>R</td>
</tr>
</tbody>
</table>

**Due Date for Finalization: Grant Confirmation Signing**

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>High Impact &amp; Core</th>
<th>Focused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring &amp; Evaluation Plan (if applicable)</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Agreed Audit Arrangements</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

**Due Date for Finalization: IP Start Date**

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>High Impact &amp; Core</th>
<th>Focused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved Human Resources ToRs and contracting of Human Resources</td>
<td>R</td>
<td>-</td>
</tr>
<tr>
<td>Approved ToRs and contracting of SRs</td>
<td>R</td>
<td>-</td>
</tr>
<tr>
<td>Approved ToRs and contracts of Suppliers for health products and/or critical services for year one</td>
<td>R</td>
<td>-</td>
</tr>
<tr>
<td>Approved PPM purchase requisition for health products for year one (if using PPM)</td>
<td>R</td>
<td>-</td>
</tr>
<tr>
<td>Agreed Implementation Work plan for Year one</td>
<td>R</td>
<td>-</td>
</tr>
<tr>
<td>First AFD &amp; Disbursement</td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

**Due Date for Finalization: After the IP Start Date**

| Performance Letter capturing residual risks related Key Mitigating Actions and management actions (if applicable) | R | - |
| Implementation Readiness Assessment submitted by the LFA to the Global Fund | R | - |

**Level of Requirements:**
- **R** Required
- **BP** Best Practice
- **-** Not required
- **Y** Submission to GAC required

**Notes:**
- The PfR modality includes Results-based Financing (RBF) grants, Activity-based Contracts, Incentive Payments (see Guidelines for Grant Budgeting). (i) For RBF grants, the Performance Framework is recommended to have limited indicators (e.g., 1-5 indicators and/or work plan tracking measures) and the HPMT is not required; (ii) For all grants with a PfR element, the Summary and Detailed Budget must be in accordance with the Guidelines for Grant Budgeting (if applicable). The payment scheme for the PfR element is developed as part of the programmatic design and is submitted with the Summary and Detailed Budget.
- Focused Portfolio Management Models follow differentiated instructions (see Guidelines for Developing and Reviewing Performance Frameworks).
- Focused Portfolio Management Models follow differentiated instructions (see Guidelines for Grant Budgeting).
- If not already submitted during the funding request.
- Only for input-based components of the grant.
- For multicountry grants financed under the Catalytic Investments - Multicountry modality, the Updated Programmatic Gap Table(s), the Updated Funding Landscape Table and M&E plan are not required.
- Only for areas in which the Global Fund is investing.
- These are documents prepared by the Global Fund Secretariat.
- Focused portfolios use a tailored list of questions for each model.
- For continuing PRs, if the M&E plan is not updated by grant signing, the CT ensures that the PR updates the plan within an agreed timeframe for submission before the end of the first year of the IP. For new PRs, if the M&E plan is not finalized by grant signing, an exception approval must be requested by the PR.
- Except if applicable laws or regulations do not allow.
- Updated as needed from the versions submitted during the funding request stage.
- Multi country grants without co-financing requirements are not required to submit a Co-financing commitment letter. See OPN on Co-Financing.
- The List of Program Assets under the current IP are submitted as input to the budget for the next IP. The verification, finalization and transfer of Program Assets will be undertaken as part of the IP reconciliation and grant closure process to be completed within six months from IP end date.
- 1–2-line Performance Framework and Budget files to be submitted by the CT only to import in GOS objectives and annual disbursement amounts, but not as part of the signed Grant Confirmation.
Annex 3. Advance Payment Mechanism

1. Advance payment refers to the approval and funding of specific activities prior to signature of the Grant Confirmation. Approved advance payment activities are funded either through:
   i. advance by the PR or CCM. The PR or CCM uses its own resources (which cannot include CCM funding), which will be reimbursed from grant funds after the Grant Confirmation is signed; or
   ii. advance by the Global Fund. A transfer of funds by the Global Fund which will be deducted from grant funds after the Grant Confirmation is signed.

2. Advance payments are intended for use on an exceptional, last-resort basis only when the following criteria is met to the satisfaction of the relevant approval authority following review by the CT:
   i. the nominated PR meets the requirements for eligible Global Fund implementers and has been accepted by the Global Fund (based on capacity assessment, if applicable);
   ii. there is a high likelihood that the grant will be approved by the Global Fund Board, and the Grant Confirmation signed with the PR;
   iii. the request is for funding eligible activities (as described below);
   iv. if the advance payment request is rejected (a), in the case of eligible capacity-building and start-up activities, there is a high likelihood that there will be significant delays in completing grant-making and a risk of not achieving disbursement readiness and implementation readiness, and (b) in the case of eligible health product procurement, there is a risk of treatment disruption; and
   v. no other source of funding is available, including from partners, strategic initiatives or funding made available through grant revision\(^\text{146}\) of existing grants (in-country cash balances are taken into consideration when assessing the availability of funding).

3. PR advance payment requests need to be made as early as possible once the TRP recommends proceeding to grant-making. PRs and CTs must plan in advance to ensure all advanced payment steps (including disbursement) are completed no later than the pre-GAC submission date. Approval and completion of advance payments after pre-GAC submission cannot be guaranteed. The PR is responsible for preparing and submitting the advance payment request and supporting documentation. No advance of funds by the Global Fund is permitted prior to approval of such request, nor will any expenditures incurred prior to such approval be reimbursed from grant funds.

4. Advance payments are limited to two types of activities with distinct eligibility requirements: (1) capacity building and start-up activities and (2) health product procurement:

---
\(^\text{146}\) This refers to allowable use of savings from existing grants to support (i) country dialogue during funding request and grant-making, if applicable (see OPN on Design and Review of Funding Requests) and (ii) additional Human Resources to support grant-making for continuing PRs, if applicable (see Section on Confirm Resourcing).
<table>
<thead>
<tr>
<th>Category</th>
<th>Eligible PRs</th>
<th>Eligible Activities</th>
<th>Maximum Amount</th>
<th>Approval Authority[^147]</th>
</tr>
</thead>
</table>
| **1. PR Capacity Building and Start-Up Activities**; to expedite grant-making to facilitate the start of grant activities with minimal delay | Local PRs (governmental and non-governmental entities) which are first time implementers of a Global Fund grant for a particular disease component in a specific portfolio | Project management set-up, e.g., remuneration of essential core human resources | US$ 500,000 | Up to US$ 200,000, approval by: Regional Manager / Department Head, and Grant Finance Manager / PST Manager  
Between US $200,000 and US $500,000, approval by: Head of GMD and Chief Financial Officer (CFO) |
|          |              | PR training and technical support to address weaknesses and/or capacity gaps as identified during the capacity assessment | Capacity Assessment of SRs |                               |
| **2. Early Procurement of Health Products**; to initiate procurement of health products to ensure timely delivery and avert stock-outs | - PRs that cannot register to PPM[^148] due to national procurement restrictions.  
- In the event of treatment disruption risks, international organizations, whose regulations do not allow the advance of own funds for order placement. | Planned health product procurement for the first year based on approved HPMT | Equivalent to planned procurement order amount for the first year based on approved HPMT | Up to US$ 200,000, approval by: Regional Manager/Department Head, and Grant Finance Manager/PST Manager  
Between US $200,000 and US $1,000,000, approval by: Head of GMD and CFO  
Over US $1,000,000 approval by: Head of GMD and CFO, with notifications to GAC. |

[^147]: For signature authority, please refer to the Delegations of Signature Authority.  
[^148]: PRs that will undertake advance procurement through the PPM must follow the approval process defined in the *OPN on Pooled Procurement Mechanism*. 
5. Following approval of the request for advance payment, the Global Fund issues an agreement to the PR in accordance with the Global Fund Delegations of Signature Authority.

6. The PR includes the approved grant-making activities in the final grant budget. If advance payment utilizes the PR’s own resources, the funds are reimbursed from grant funds following grant signing. The relevant expenditures are reimbursed to the PR as part of the first AFD, see OPN on Annual Funding Decisions and Disbursements.

7. If the Global Fund determines that a grant agreement will not be signed with the PR, any funds advanced by the Global Fund will be deducted from the country’s disease allocation.

8. If the above advance payment mechanisms are not available (e.g. because the PR does not qualify as an eligible PR and/or the activity is not eligible) and the PR is able to finance specific activities from its own funds prior to grant signature, then the Global Fund can issue a PR Financing Agreement to confirm its willingness to reimburse the PR from grant funds, as part of the first AFD, following signature of the grant. For use of this option, the following criteria must be met:
   i. The PR is an eligible Global Fund implementer;
   ii. Activities to be financed by the PR are limited and necessary to ensure continuity of a TRP-recommended funding request, and the CT is certain that the activities to be financed will be included in the final grant budget;
   iii. The PR includes the activities in the final grant budget;
   iv. There is a high likelihood of Board approval of the grant;
   v. Approval by the Regional Manager/Department Head, Grant Finance Manager/PST Manager, and Deputy General Counsel, Grant Management; and
   vi. The PR agrees that if the grant agreement is not signed, any funds advanced by the PR will not be reimbursed.

**Change History**

<table>
<thead>
<tr>
<th>Version No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>EGMC</td>
<td>Comprehensive changes to guide grant-making for the 2023-2025 allocation period (Grant Cycle 7)</td>
<td>13 March 2023</td>
</tr>
<tr>
<td>1.1</td>
<td>Chair, EGMC</td>
<td>Update to the list of Sub-process Owners (Annex 1) and corrections made to the Requirements Level by Portfolio Category (Annex 2)</td>
<td>14 June 2023</td>
</tr>
</tbody>
</table>
Operational Procedures

Make, Approve and Sign Grants

Approved on: 13 March 2023
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions and Support Department
Associated OPN: OPN on Make, Approve and Sign Grants

Process Metrics for Make, Approve and Sign Grants
Principal Recipients and Country Teams are expected to meet the following metrics:

- Grants are submitted to the Grant Approvals Committee within six months from the relevant Funding Request submission to the Technical Review Panel.
- The Grant Confirmation is signed by the Global Fund at least one month before the Implementation Period start date.

Purpose and Overview

These Operational Procedures provide guidance on procedural steps during grant-making and apply to grants financed during the 2023-2025 allocation period (Grant Cycle 7) and onwards. 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, Approve and Sign Grants).

Whereas the Operational Policy Note on Make, Approve and Sign Grants includes a dedicated section for multicountry grants, the specific considerations for multicountry grants within this Operational Procedures are contained within each grant-making phase, as relevant.

A list of acronyms can be found in Annex 1 of this document.

An overview of these Operational Procedures’ content is given in the table below. Press “Ctrl + click” on the links to go to the relevant phase or sub-process.

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149 Refer to the Operational Procedures on Make, Approve and Sign Grants for grants financed during the 2020-2022 allocation period.
**A. Plan**

During the funding request stage, the CCM, PRs and CT jointly plan the funding request and grant-making stages in an integrated manner. At the start of grant-making, the CCM (including Civil Society), PRs, CT, and LFA update the plan and timelines to complete grant-making deliverables based on the TRP recommended funding request.

**A.1. Agree on Deliverables & Timelines**

<table>
<thead>
<tr>
<th>Outputs</th>
<th><strong>Required or Best Practice</strong></th>
<th><strong>Timeline</strong></th>
<th><strong>Responsibilities</strong></th>
</tr>
</thead>
</table>
| Updated integrated funding request and grant-making project plan\(^{150}\) capturing:  
• key milestones and deadlines (GAC steer, GAC recommendation, Board approval, grant signing). This includes timelines for:  
• all grant-making deliverables. | **BP** |  
After final submission of the funding request to the TRP |  
Prepared by: PR in consultation with and agreed jointly by: CT, LFA, CCM.  
Approved by: FPM (and DFM, if applicable) |

\(^{150}\) Strongly recommended.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| • activities required to ensure implementation readiness.  
• inputs required from in-country stakeholders, LFA, and other Global Fund Secretariat teams (including specialists to drive the inclusion of priorities for step change). | | | |

* R = Required; BP = Best Practice

### A.2. Complete Capacity Assessment (If applicable)

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed capacity assessment</td>
<td>If applicable</td>
<td>Initiated at funding request stage as soon as CT is informed of the nominated PR; completed prior to the receipt of TRP recommendations. In exceptional cases, where a capacity assessment requires more time, this must be completed as soon as possible during grant-making.</td>
<td>See OP on Risk Management (forthcoming) and <a href="#">OP on Design and Review Funding Requests</a></td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice
### A.3. Confirm Resourcing

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined PR human resources requirement for grant-making</td>
<td>R</td>
<td>At funding request stage; during planning for grant-making</td>
<td>Prepared by: PR Reviewed by: FPM (and DFM, if applicable), with inputs from other CT members</td>
</tr>
<tr>
<td>For continuing PRs: Approved reinvestment of savings under current IP to finance additional PR human resources if needed</td>
<td>If applicable</td>
<td>At funding request stage; during planning for grant-making</td>
<td>see <a href="#">OPN on Grant Revision</a></td>
</tr>
<tr>
<td>For new PRs: Approved advance payment to support grant-making if needed</td>
<td>If applicable</td>
<td>At funding request stage; during planning for grant-making</td>
<td>See Section on Advance Payment</td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice
### A.4. Complete Grant Entity Data

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| Grant Entity Data completed, validated, and selected. | R | Initiated at funding request stage. Due as soon as possible after TRP submission:  
- PR, CCM and LFA organization information  
- PR and/or third-party banking information  
- PR and LFA contacts with grant deliverables access rights (editor or submitter) for the Global Fund Partner Portal  
Due prior to Pre-GAC review and submission to GAC:  
- PR, and CCM authorized signatories  
- PR and LFA organization representative information for notices | See [OPN and OP on Grant Entity Data](#)  
GED is processed through the Global Fund Partner Portal |

* R = Required; BP = Best Practice
## A.5. Continue Country Dialogue

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| **Two meetings held** by the CCM for the PR to brief and receive feedback, 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. | R BP | During grant-making | Convened by: CCM  
Attended by:  
- CCM (including Community and civil society representatives)  
- PR (or Lead Implementer, if applicable)  
CCM shares meeting minutes with the CT |
| **One meeting held** by the CT to brief and receive feedback from community and civil society representatives. | BP | During grant-making, ideally during the CT grant-making mission. | Convened by: CT  
Attended by:  
- CT  
- Community and civil society representatives |

*R = Required; BP = Best Practice

151 As described in the Funding Request annex Funding Priorities of Civil Society and Communities Affected by the Three Diseases.
B. Negotiate

The negotiate phase starts when the funding request has been recommended by the TRP to proceed to grant-making.

B.1. Request for GAC Steer or Decision

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAC steer</td>
<td>If Applicable</td>
<td>Throughout the funding request and grant-making stages.</td>
<td>Initiated by: CT or GAC Secretariat Guidance provided by: GAC</td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice

B.2. Finalize Grant Documents

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| Proactive engagement throughout the grant-making process to ensure relevant Global Fund strategy elements are captured into quality grant design for impact152 | If Applicable              | Throughout grant-making | Prepared by:  
  • SIID  
  • PMRD  
  • Ethics                                           |

| Performance Framework Resources:                                      | R                          | R153                | Initiated at funding request stage; prerequisite for Pre-GAC review and submission to GAC (attachment to the Grant Confirmation). | Prepared by: PR and submitted via the Partner Portal Reviewed by:  
  • LFA, if required  
  • PHME Specialist (in consultation with other teams if necessary) verifies that the Performance Framework:  
    o has appropriate indicators with required                        |
| Modular Framework Handbook                                             |                            |                     |                                             |
| Guidance for Developing and Reviewing Performance Frameworks           |                            |                     |                                             |

---

152 The level of engagement provided by one or more technical teams is dependent on the institutional priority (e.g., priorities for step change, pandemic preparedness, program essentials, gender equality, community engagement, PSEAH, etc), portfolio differentiation, and the resource distribution of the responsible technical teams.

153 Focused Portfolio Management Models follow differentiated instructions (see Guidelines for Developing and Reviewing Performance Frameworks). For the Aligned model: 1–2-line Performance Framework to be submitted by the CT only to import in GGS objectives and annual disbursement amounts, but not as part of the signed Grant Confirmation.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
|                                             | HI & Core Focused          |          | Disaggregation categories:  
|                                             |                            |          | o is aligned with the TRP-recommended funding request;  
|                                             |                            |          | o includes indicators that measure progress on the priorities for step change; and  
|                                             |                            |          | o the negotiated targets are aligned to the funding available for the National Strategic Plan.  
|                                             |                            |          | Quality Assurance by: PMD  
|                                             |                            |          | Approved by: FPM (and DFM, if applicable), after reviewing overall completeness and quality.  
|                                             |                            |          | Prepared by: PR and submitted via the Partner Portal  
|                                             |                            |          | Reviewed by:  
|                                             |                            |          | • LFA, if required  
|                                             |                            |          | • For HI & Core portfolios, Finance Specialist (in consultation with other teams if necessary) verifies that the Detailed and Summary Budgets are aligned with the Performance Framework.  

154 The core set of indicators and required disaggregation categories are provided in the Modular Framework Handbook. Guidelines for indicator selection and prioritization are available here.  
155 In cases where NSP is outdated any other target that is agreed among the in-country stakeholders could be used.  
156 Quality assurance of the Performance Frameworks: all Performance Frameworks must undergo an in-depth review at grant-making using the Performance Framework Quality assurance approach and checklist.  
157 Focused Portfolio Management Models follow differentiated instructions (see Guidelines for Grant Budgeting). For Aligned models: 1–2-line Budget files to be submitted by the CT only to import in GOS objectives and annual disbursement amounts, but not as part of the signed Grant Confirmation.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
|         | HI & Core | Focused  | Framework, and the HPMT. Verification is based on a high-level analysis of the Summary Budget, and on a reconciliation of the total amount in the HPMT.  
- For Focused portfolios, PST Specialist reviews based on the LFA review and on the list of budget triggers completed by the PR/LFA. Approved by: FPM (and DFM, if applicable), after reviewing overall completeness, alignment, and quality. |
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Product Management Template Resources: <em>Instructions on the HPMT</em></td>
<td>R</td>
<td>Initiated at funding request, finalization pre-requisite for Pre-GAC review and submission to GAC.</td>
<td>Prepared by: PR and submitted via the Partner Portal. Reviewed by: • LFA, if required • HPM Specialist (in consultation with other teams if necessary) verifies that: o the HPM arrangements are appropriate to the context and the PR capacity; and o the HPMT and its associated budget are aligned with the performance Framework and the Detailed Budget. Approved by: FPM (and DFM, if applicable), after reviewing overall completeness, alignment, and quality.</td>
</tr>
<tr>
<td>List of Program Assets to be transferred from the current to the next IP</td>
<td>R</td>
<td>R&lt;sup&gt;158&lt;/sup&gt;</td>
<td>The List of Program Assets is used as input to the review of the Budget and HPMT during grant-making. The verification, finalization and transfer of the program assets is undertaken as part of the IP reconciliation and closure process to be completed within</td>
</tr>
</tbody>
</table>

<sup>158</sup> Light and Legacy: required.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HI &amp; Core Focused</td>
<td></td>
<td>6 months from IP end date of the previous IP (see Operational Procedures on IP Reconciliation and Grant Closure)</td>
</tr>
<tr>
<td>New or Updated Implementation Arrangements Map</td>
<td>R R&lt;sup&gt;159&lt;/sup&gt;</td>
<td>Initiated at funding request, finalization pre-requisite for Pre-GAC review and submission to GAC. The Implementation Arrangements Map is updated as the grant design is being completed and Sub-recipients (SRs) are selected.</td>
<td>Prepared by: PR and submitted via the Partner Portal Reviewed by: • LFA, if required. • Finance or PST Specialist (Focused) reviews clarity and accuracy of fund flows. • PHME Specialist (in consultation with other teams if necessary) reviews clarity and accuracy of information flows. • HPM Specialist (in consultation with other teams if necessary) reviews clarity and completeness of health products flows. Approved by: FPM (and DFM, if applicable), after reviewing overall completeness, alignment, and quality.</td>
</tr>
<tr>
<td>Resources: Instructions on Implementation Arrangement Mapping</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>159</sup> Light and Legacy: required. Targeted: required for the input-based components
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| **Updated Programmatic Gap Table(s)** (if applicable)                  | R                          | Initiated at funding request; finalization pre-requisite for Pre-GAC review and submission to GAC. | Prepared by: PR and submitted via the Partner Portal Reviewed by:  
• LFA, if required.  
• PHME Specialist verifies that the programmatic gap table(s) is (are) updated to capture targets covered by the grant.  
Approved by: FPM (and DFM, if applicable), after reviewing overall completeness, alignment, and quality. |
| Not required for multicountry grants financed under Catalytic Investments – Multicountry Modality                  | R<sup>160</sup>            |                                                                          |                  |
| **Updated Funding Landscape Table** (if applicable)                    | R                          | Initiated at funding request; finalization pre-requisite for Pre-GAC review and submission to GAC. | Prepared by: PR and submitted via the Partner Portal Reviewed by:  
• LFA, if required.  
• Finance or PST Specialist (Focused) verifies that the funding landscape table is updated to capture financing available through the grant.  
Approved by: FPM (and DFM, if applicable), after reviewing overall completeness, alignment, and quality. |
| Not required for multicountry grants financed under Catalytic Investments – Multicountry Modality                  | R<sup>160</sup>            |                                                                          |                  |
| **Updated Monitoring and Evaluation Plan** (if applicable)             | R                          | Initiated during grant negotiation phase; finalization prior to grant signing. | Prepared by: PR and submitted via the Partner Portal Reviewed by:  
• PHME Specialist (in consultation with other teams if Targeted, Light, and Legacy: required. Aligned: required only for areas in which the Global Fund is investing |
| Not required for multicountry grants financed under Catalytic Investments – Multicountry Modality                  | R<sup>160</sup>            |                                                                          |                  |

<sup>160</sup> Targeted, Light, and Legacy: required. Aligned: required only for areas in which the Global Fund is investing
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>HI &amp; Core Focused</td>
<td></td>
<td></td>
<td>necessary) checks that grant indicators and targets are captured in the M&amp;E plan for monitoring and reporting purposes.</td>
</tr>
<tr>
<td>Captured reinvestments of efficiencies in the UQD Register</td>
<td>R</td>
<td>Finalization pre-requisite for Pre-GAC review and submission to GAC.</td>
<td>See <a href="#">OP on Design and Review Funding Requests</a></td>
</tr>
<tr>
<td>• in the UQD Register module in GOS Resources: PAAR and UQD User Guidance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Draft Grant Confirmation finalized prior to sharing with PR &amp; CCM</td>
<td>R</td>
<td>Prior to Pre-GAC review and submission to GAC.</td>
<td>Prepared by: Legal Counsel, based on inputs from other CT members (programmatic description, grant requirements) and ensures that the Grant Confirmation is accurate, clear, legally enforceable, and consistent with Board and Secretariat policies. Reviewed by:</td>
</tr>
<tr>
<td>• including Integrated Grant Description Grant Confirmation to be submitted to GAC must contain grant purchase order number and recommended funding amount</td>
<td></td>
<td></td>
<td>• FPM (and DFM, if applicable), Finance or PST Specialist (Focused), PHME, HPM Specialist review accuracy of content pertinent to their areas of responsibilities.</td>
</tr>
<tr>
<td>Outputs</td>
<td>Required or Best Practice*</td>
<td>Timeline</td>
<td>Responsibilities</td>
</tr>
<tr>
<td>---------</td>
<td>---------------------------</td>
<td>----------</td>
<td>------------------</td>
</tr>
<tr>
<td></td>
<td>HI &amp; Core Focused</td>
<td></td>
<td>• PR confirms that the draft Grant Confirmation reflects agreement. Approved by: FPM after reviewing overall completeness, alignment and quality and following finalization by Legal Counsel</td>
</tr>
</tbody>
</table>

**Grant-making Final Review Form**  
**Resources:**  
*Grant-making Final Review Form Instructions*

<table>
<thead>
<tr>
<th></th>
<th>R</th>
<th>R&lt;sup&gt;161&lt;/sup&gt;</th>
<th>Pre-requisite for Pre-GAC review and submission to GAC.</th>
</tr>
</thead>
</table>
| Prepared by: |  |  | • PO or FPM/FPA (Focused) capture the outcome of grant-making in the review form.  
• HF Specialist provides inputs to the CT that can be used to support the section on Co-financing, Sustainability and Transition. (See OPN on Co-financing)  
• Finance Specialist or FPM/PO (Focused) prepare section on Reinvestment of Efficiencies Identified During Grant-making. |
| Reviewed by: |  |  | • Finance or PST Specialist (Focused), PHME, HPM Specialist and Legal Counsel ensure that the review form accurately reflects the outcome of |

<sup>161</sup> Aligned: required to complete a tailored Grant-making Final Review Form
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H&amp;I Focused</td>
<td><strong>Grant Signing Calculator</strong> (including Grant Exception and Escalation Form) approved</td>
<td>+ Grant-making in their respective areas of responsibilities. Approved by: FPM (and DFM, if applicable) reviews inputs and finalizes based on the above</td>
</tr>
<tr>
<td></td>
<td>R</td>
<td>After Detailed Budget is submitted and approved</td>
<td>Prepared by: Finance or PST Specialist (Focused)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pre-requisite for Pre-GAC review and submission to GAC.</td>
<td>Approved by: GFM confirms completeness and accuracy of financial information</td>
</tr>
<tr>
<td>Grant purchase order created</td>
<td>R</td>
<td>After Grant Signing Calculator is approved</td>
<td>Prepared by: Finance or PST Specialist (Focused)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pre-requisite for Pre-GAC review and submission to GAC.</td>
<td></td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice
## B.3. Address TRP Issues

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRP Issues due at grant-making addressed</td>
<td>R</td>
<td>Initiated immediately after receiving TRP recommendation. Pre-requisite for Pre-GAC review and submission to GAC.</td>
<td>See <a href="#">OP on Design and Review Funding Requests</a></td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice

## B.4. Agree on Co-financing Commitments

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-financing commitments agreed, finalized, and captured in the Grant-making Final Review Form</td>
<td>R</td>
<td>Initiated during the funding request stage; Pre-requisite for Pre-GAC review and submission to GAC.</td>
<td>See <a href="#">OPN on Co-financing</a></td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice

## B.5. Identify Residual Risks and Mitigating Actions

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| Residual risks and mitigating actions defined and captured in the Integrated Risk Management module, including rating of all risks | R | Completion pre-requisite for finalization of Grant-making Final Review Form, Pre-GAC review, and submission to GAC. | Prepared by: PO or FPM/FPA (Focused) Reviewed by:  
- Finance Specialist validates that finance-related residual risks and mitigating actions have been identified and prioritized.  
- PST Specialist (Focused) validates only major finance-related residual risks and mitigation actions. |
| Key residual risks and mitigating actions captured in Annex 4 of the Grant-making Final Review Form | Not Required | | |

* R = Required; BP = Best Practice
• PHME Specialist (in consultation with other teams if necessary) validates that M&E and programmatic related residual risks and mitigating actions have been identified and prioritized.

• HPM Specialist (in consultation with other teams if necessary) validates that sourcing operations (including in-country supply chain) related residual risks and mitigating actions have been identified and prioritized.

• FPM (and DFM, if applicable) validates that governance and health-financing related residual risks and mitigating actions have been identified and prioritized.

Approved by: FPM (and DFM, if applicable) validates overall prioritization of residual risks and mitigating actions based on the above.

* R = Required; BP = Best Practice
## B.6. Agree on Audit Arrangements

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope and approach of Audit for the Grant Defined and Agreed Resources: Guidelines for Annual Audit of Global Fund Grants</td>
<td>R</td>
<td>Completion prior to grant signing</td>
<td>Prepared by: Finance or PST Specialist (Focused) Reviewed and Approved by: GFM, based on the above</td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice

## B.7. Ensure Implementation Readiness

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selection and contracting of PR human resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approved ToRs for PR human resources</td>
<td>R, BP&lt;sup&gt;162&lt;/sup&gt;</td>
<td>Development &amp; completion as early as possible during grant-making</td>
<td>Approved by: PR Completion reported by: PR and validated by CT</td>
</tr>
<tr>
<td>Selected and contracted PR human resources</td>
<td>R, BP&lt;sup&gt;14&lt;/sup&gt;</td>
<td>Selection as early as possible during grant-making; Contracting after Global Fund Board approval of the grant&lt;sup&gt;163&lt;/sup&gt; Completion prior to IP start date</td>
<td>Approved by: PR Reviewed by: LFA, if required Completion reported by: PR and validated by CT</td>
</tr>
</tbody>
</table>

| Selection and contracting of SRs | | | |
| Approved ToRs of SRs, and Request for Proposals if required | R, BP<sup>14</sup> | Development & completion as early as possible during grant-making | Approved by: PR Completion reported by: PR and validated by CT |

---

<sup>162</sup> Light and Legacy: best practice. Targeted: best practice for input-based components

<sup>163</sup> Alternatively, the PR can assess if contracts could be signed earlier with adequate conditionality pending Global Fund Board approval of the grant and where this is consistent with local laws and the PR’s own internal procedures.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selected and contracted SRs</td>
<td>R</td>
<td>BP14</td>
<td>Selection as early as possible during grant-making; Contracting after Global Fund Board approval of the grant; Completion prior to IP start date</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Approved by: PR Reviewed by: LFA, if required Completion reported by: PR and validated by CT PR will capture selected SRs with full legal names in the Implementation Arrangements Map and in the Detailed and Summary Budget prior to signing the grant confirmation.</td>
</tr>
</tbody>
</table>

**Selection and contracting of Suppliers of health products and critical services for year one**

<table>
<thead>
<tr>
<th>For procurement using PR processes: Selected and contracted Suppliers</th>
<th>R</th>
<th>BP14</th>
<th>Selection as early as possible during grant-making; Contracting after Global Fund Board approval of the grant; Completion prior to IP start date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Approved by: PR Reviewed by: LFA, if required Completion reported by: PR and validated by CT</td>
</tr>
</tbody>
</table>

| For procurement using PPM: Approved PPM purchase requisition          | R                          | BP14                                                                     | Requisition initiated immediately after grant signing Approved prior to IP start date                                                                                                     |
|                                                                      |                             |                                                                          | See [OPN on Pooled Procurement Mechanism](https://www.globalfund.org/opn) and [OP on Pooled Procurement Mechanism](https://www.globalfund.org/opn) If requisition needed to be initiated prior to grant-signing, the Advance Procurement mechanism process in OPN on PPM is followed. |

164 Alternatively, the PR can assess if contracts could be signed earlier with adequate conditionality pending Global Fund Board approval of the grant and where this is consistent with local laws and the PR’s own internal procedures.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HI &amp; Core Focused</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agreed implementation work plan for year one of the IP</td>
<td>R Not Required</td>
<td>Development during grant-making; Completion prior to IP start date</td>
<td>Prepared by: PR Reviewed by: • CT members • LFA, if required Approved by: FPM (and DFM, if applicable) based on the above</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Completion of administrative matters such as tax exemption, insurance, registration in the country</td>
<td>BP</td>
<td>Development during grant-making; Completion prior to IP start date</td>
<td>Prepared by: PR</td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice

165 The Global Fund does not prescribe a standard template for the implementation workplan.
### B.8. Apply for Advance Payment (if applicable)

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application for PR capacity building and start-up activities, maximum of US$500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Resources: [OPN on Make, Approve and Sign Grants]
| Advance Payment Templates                                               | If applicable               | Initiated immediately after receiving the TRP recommendation of the funding request. Request submitted so that all steps (including disbursement) are completed no later than the Pre-GAC submission date\(^{166}\) | Review by:
|                                                                         |                             |                                                                        | • LFA if required
|                                                                         |                             |                                                                        | • FPM (and DFM, if applicable), with other CT members, ensure that advance payment requests are justified and consistent with Global Fund requirements. Approved by: Global Fund approval authority as defined in the [OPN on Make, Approve and Sign Grants]. Advanced Payment/Procurement Agreement issued to PR per the Global Fund Delegations of Signature Authority. PR captures approved activities and amount for advance payment in the Summary and Detailed Budget and HPMT (if applicable) and CT documents these in the [Grant-Making Final Review Form]. See Finalize Grant Documents section for Review and Approval of these documents. |

\(^{166}\) Approval and completion of advanced payments after Pre-GAC submission cannot be guaranteed.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application for early procurement of health products, equivalent to</td>
<td>If applicable</td>
<td>Initiated immediately after receiving the TRP recommendation of the funding request. Request submitted so that all steps (including disbursement) are completed no later than the Pre-GAC submission date(^{167})</td>
<td>(See above)</td>
</tr>
<tr>
<td>planned procurement for year one</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPN on Make,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approve and Sign Grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance Payment Templates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Request for PR financing of certain activities subject to reimbursement</td>
<td>If applicable</td>
<td>Request permitted after TRP recommendation</td>
<td>Reviewed by:</td>
</tr>
<tr>
<td>Resources: (see above)</td>
<td></td>
<td></td>
<td>• LFA if required</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• FPM (and DFM, if applicable) with other CT members ensures that requests are justified and consistent with Global Fund requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Approved by: Global Fund approval authority as defined in the <em>OPN on Make, Approve and Sign Grants</em>.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PR Financing Agreement issued to PR per the Global Fund Delegations of Signature Authority.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PR captures approved activities and amount(s) for reimbursement in the Summary and Detailed Budget and HPMT (if applicable).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>CT documents these in the <em>Grant-Making Final Review Form</em>.</td>
</tr>
</tbody>
</table>

\(^{167}\) Approval and completion of advanced payments after Pre-GAC submission cannot be guaranteed.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>See Finalize Grant Documents section for Review and Approval of these documents.</td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice
C. Approve

This phase of grant-making starts when the grant is submitted as disbursement-ready for GAC recommendation.

C.1. Submit for GAC Recommendation

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-GAC review of grant-making requirements and pre-identification, resolution or highlight of options for GAC consideration.</td>
<td>R</td>
<td>Prior to GAC meeting</td>
<td>Reviewed by: Pre-GAC conducts due diligence ahead of each GAC meeting to ensure that investment decisions presented to the GAC are consistent and in line with the Global Fund policy framework. Pre-GAC members are responsible for briefing their GAC representative of any pending issues requiring GAC attention.</td>
</tr>
<tr>
<td>Submission of disbursement-ready grant for GAC recommendation(^\text{168})</td>
<td>R</td>
<td>Immediately after all requirements for disbursement readiness are completed, within the due date for submission for the scheduled GAC meeting, and within 6 months of the Funding Request submission to the TRP</td>
<td>Submitted by: FPM(^\text{169}) who (i) submits on behalf of the CT, the disbursement-ready grants, and (ii) confirms that all CT members, Risk Specialist(^\text{170}) and other relevant teams have reviewed and endorsed grant documents according to their responsibilities. No-objection review (within 48 hours) by: • Risk Specialist reviews the</td>
</tr>
</tbody>
</table>

---

\(^{168}\) For the grant-making documents/information included in the GAC submission, refer to Annex 2 of the [OPN on Make, Approve and Sign Grants](#).

\(^{169}\) For portfolios with DFMs the submission is done by the DFM and approved by the Senior FPM.

\(^{170}\) Risk Specialist only reviews Core and High Impact portfolios.
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HI &amp; Core</td>
<td>Focused</td>
<td></td>
</tr>
</tbody>
</table>

relevant Risk Tracker in IRM and the Residual Risk Annex in the Grant-making Final Review Form for Core and High Impact portfolios to ensure that:
- all key risks related to grant objectives have been identified and appropriately prioritized,
- mitigation measures are adequate to manage the risk at an acceptable level, and
- appropriate assurance mechanisms are identified to the extent possible.

Reviewed and approved by:
- Approving authorities defined in the OPN reviews outcome of grant-making and confirms that the grant is disbursement-ready.
- GFM reviews financial data related to the grant and provides a pre-approval of the first annual funding decision (provided the first annual funding decision is processed within 30 days of the grant purchase.)
<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAC recommendation of the grant and decision whether Grant Confirmation can be released for PR signature prior to Board approval</td>
<td><strong>R</strong></td>
<td>Per scheduled GAC meeting</td>
<td>Reviewed by: GAC makes the final determination of disbursement readiness and decides to recommend to the Global Fund Board or not. It also decides whether the Grant Confirmation can be released for PR signature and CCM acknowledgement prior to Board approval.</td>
</tr>
<tr>
<td>Definition of next steps to support community and civil society engagement during grant implementation (In cases where serious concerns are raised by the CT, CRG, or the GAC regarding the quality of community and civil society engagement during grant-making)</td>
<td><strong>R</strong></td>
<td>Following GAC recommendation to the Board</td>
<td>Prepared, reviewed and approved by: CT (in consultation with CRG and CCM Hub)</td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice
### C.2. Request Global Fund Board Approval

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HI &amp; Core</td>
<td>Focused</td>
</tr>
</tbody>
</table>
| GAC electronic report to the Board | R         | Sent to the Board within 8 working-days after GAC recommendation. | Prepared by: GAC Secretariat
|                                 |           |         | Reviewed by: GAC
|                                 |           |         | Approved by: GAC Chair |
| Board decision                  | R         | Within 10 working-days from submission of the GAC electronic report | Approved by: Global Fund Board on a no-objection basis |

* R = Required; BP = Best Practice
D. Sign

The grant signature process can be initiated immediately after GAC recommendation with the GAC approval (with or without conditions) that the Grant Confirmation can be released. If GAC did not approve its release, the Grant Confirmation signature process can only be started after Board approval.

D.1. Sign Grant Confirmation

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Grant Confirmation for PR signature and CCM acknowledgement.</td>
<td>R</td>
<td>Following GAC recommendation, if Grant Confirmation is approved for release. Or following validation of final Global Fund Board approved amount if GAC does not approve release.</td>
<td>Prepared by: Legal Counsel prepares final execution version of the Grant Confirmation based on the draft submitted to GAC. Approved by: FPM (and DFM, if applicable), who, in consultation with and after Legal Counsel sign-off of the execution-ready Grant Confirmation, sends the Grant Confirmation documents (including Performance Framework and Summary Budget) to the PR and CCM for signature/acknowledgement. CT indicates date that Grant Confirmation is sent to the PR and attaches the email in GOS</td>
</tr>
<tr>
<td>Outputs</td>
<td>Required or Best Practice*</td>
<td>Timeline</td>
<td>Responsibilities</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Signed Grant Confirmation</strong></td>
<td>R</td>
<td>PR and CCM: Following GAC recommendation, contingent on Board approval</td>
<td>Reviewed and signed by: authorized PR representative Acknowledged by(^{171}): the CCM Chair(^{172}) and the CCM representative(^{173}). CT indicates date that signed Grant Confirmation is received from the PR and attaches the email in GOS. Signed by the Global Fund (after Board approval): per the Global Fund Delegations of Signature Authority. CT indicates date that countersigned Grant Confirmation is sent to the PR and attaches the email in GOS.</td>
</tr>
<tr>
<td>Grant purchase order approved</td>
<td>R</td>
<td>As soon as possible after the Grant is signed.</td>
<td>Approved by: CFO</td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice

\(^{171}\) For multicountry grants stemming from a RCM application, one representative from the RCM acknowledges the Grant Confirmation after the PR signature and prior to the Global Fund signature. For those grants stemming from a RO application: (i) when the RO and PR are different entities the legal representative from the RO acknowledges the Grant Confirmation after PR signature and prior to Global Fund signature; (ii) when the RO and PR are the same entity, no acknowledgment is required after PR signature.

\(^{172}\) In the absence of the CCM Chair, endorsement by the Vice Chair is acceptable if in line with the CCM’s governing documents.

\(^{173}\) The CCM civil society representative if the CCM Chair is the representative of the Government, or the representative of the Government if the CCM Chair is the representative of civil society.
### E. Get Ready

#### E.1. Process First Annual Funding Decision (AFD) and Disbursement

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| First AFD & Disbursement Resources: [OPN Annual Funding Decisions and Disbursements](#) | R | As soon as possible after the Grant Confirmation is signed and the grant purchase order is approved. Can take place prior to IP start date. | Prepared by: PO or FPM/FPA (Focused) Reviewed by: FPM (and DFM, if applicable) Approved by:  
• No additional approval required if first AFD is processed within 30 days of the grant purchase order approval and there are no exceptions selected. Otherwise, per [OPN on Annual Funding Decisions and Disbursements](#). |

* R = Required; BP = Best Practice

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#### E.2. Confirm Implementation Readiness

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Required or Best Practice*</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Readiness Assessment</td>
<td>R</td>
<td>Undertaken within first month of implementation LFA assessment report submitted within first month and a half of implementation</td>
<td>Prepared by: LFA Reviewed by: CT</td>
</tr>
<tr>
<td>Defined time-bound mitigating actions to address outstanding issues in the event Implementation Readiness is not achieved</td>
<td>R</td>
<td>Within second month of implementation</td>
<td>Prepared by: CT, PR</td>
</tr>
</tbody>
</table>

* R = Required; BP = Best Practice
Monitoring and reporting

The grant-making processes will be monitored by the GPS Department according to the table below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Readiness</td>
<td>Implementation readiness prior to IP start date if applicable.</td>
</tr>
<tr>
<td>P&amp;A metrics</td>
<td>• Time between funding request submission and grant submission to GAC;</td>
</tr>
<tr>
<td></td>
<td>• Time between the Global Fund signature of the Grant Confirmation and the IP start date</td>
</tr>
<tr>
<td>TRP issues</td>
<td>Completion of issues to be addressed during grant-making.</td>
</tr>
<tr>
<td>PR submission</td>
<td>PR submission of all required documents in the Partner Portal</td>
</tr>
<tr>
<td>GAC submission quality</td>
<td>First-time-right CT submission to GAC</td>
</tr>
<tr>
<td>Grant Confirmation timeline</td>
<td>Sharing of Grant Confirmation between CT and PR during and after signature</td>
</tr>
<tr>
<td>First Annual Funding Decision</td>
<td>Time between PO approval and first AFD submitted for approval.</td>
</tr>
</tbody>
</table>

Key reference documents

- [OPN](#) and [OP on Design and Review Funding Requests](#)
- [OPN on Make, Approve and Sign Grants](#)
- [OPN and OP on Grant Entity Data](#)
- [OPN on Co-financing](#)
- [OPN and OP on Annual Funding Decisions and Disbursements](#)
- [OPN on Grant Revision](#)
- [OPN and OP on Pooled Procurement Mechanism](#)
- OPN and OP on Risk Management (forthcoming)
- Guidelines for Developing and Reviewing of Performance Frameworks
- [Guidelines for Grant Budgeting](#)
- [Instructions on the HPMT](#)
- [Instructions on Implementation Arrangement Mapping](#)
- Instructions on the Grant-making Final Review Form
- [PAAR and UQD User Guidance](#)
- [Guidelines for Annual Audit of Global Fund Grants](#)
- Advance Payment Templates
Annex 1: Acronyms

A2F: Access to Funding Department
AFD: Annual Funding Decision
CBO: Community-based Organization
CCM: Country Coordinating Mechanism
CRG: Community Right and Gender Department
CFO: Chief Financial Officer
CLO: Community-led Organization
CT: CT (comprises: FPM; Disease Fund Manager, if applicable; State Fund Manager, if applicable; PO; FPA; Finance/PST Specialist, PHME Specialist, HPM Specialist, Legal Counsel)
DH: Department Head for High Impact Portfolios
DFM: Disease Fund Manager
EGMC: Executive Grant Management Committee
FPA: Fund Portfolio Assistant (High Impact & Core) (including Senior FPA) and Fund Portfolio Analyst (Focused)
FPM: Fund Portfolio Manager
GAC: Grant Approvals Committee
GFM: Grant Finance Manager
GMD: Grant Management Division
GPS: Grant Portfolio Support & Solutions
GOS: Grant Operating System
HF: Health Finance
HPMT: Health Products Management Template
IP: Implementation Period

IMM: Investment Management Module
IRM: Integrated Risk Management
LFA: Local Fund Agent
M&E: Monitoring & Evaluation
OP: Operational Procedures
OPN: Operational Policy Note
PAAR: Prioritized Above Allocation Request
PFQA: Performance Framework Quality Assurance
PHME: Public Health and Monitoring and Evaluation
PMD: Programmatic Monitoring Department
PO: Program Officer for High Impact & Core Portfolios (including Senior PO)
PPM: Pooled Procurement Mechanism
PR: Principal Recipient
PST: Portfolio Services Team of Program Finance
RCM: Regional Coordinating Mechanism
RM: Regional Manager
RO: Regional Organization
SFPM: Senior Fund Portfolio Manager
SO: Supply Operations
SR: Sub-recipient
TAP: Technical Advice and Partnerships Department
ToRs: Terms of Reference
TRP: Technical Review Panel
UQD: Unfunded Quality Demand
## Change History

<table>
<thead>
<tr>
<th>Version No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>EGMC</td>
<td>Comprehensive changes to guide grant-making for the 2023-2025 allocation period (Grant Cycle 7)</td>
<td>13 March 2023</td>
</tr>
</tbody>
</table>
Challenging Operating Environments

Issued on: 16 January 2017
Issued by: Grant Management Division
Approved by: Executive Grant Management Committee

OVERALL OBJECTIVES

1. In April 2016, the Global Fund Board approved the Policy on Challenging Operating Environments (COEs) to provide overall guidance on future Global Fund engagement in such contexts, based on the principles of flexibility, partnerships and innovation. COEs are critical to the Global Fund mission as they account for a third of the global disease burden and a third of Global Fund investments. However, COE portfolios often face heightened programmatic and implementation challenges. A differentiated approach is hence needed to increase the impact of Global Fund investments in COEs.

2. The objective of this Operational Policy Note (OPN) is to provide operational guidance including flexibilities for Country Teams to manage COE portfolios in an agile and timely manner, with the principles defined in the approved COE policy.

3. Flexibilities are not limited to those described in this OPN. Additional flexibilities to the Board or Secretariat policies may be granted through EGMC normal approval channels to ensure an adequate response in these environments, in accordance with Global Fund policies and processes.

4. Categorization as a COE does not automatically guarantee eligibility for a flexibility. Country Teams need to obtain EGMC approval for the package of portfolio management flexibilities proposed for each COE portfolio through a memo. COE portfolios that are categorized as “High Impact” under the Global Fund differentiation framework will be generally managed following the standard approach for High Impact portfolios as defined in relevant OPNs.

5. This OPN will continue to be updated based on lessons learned and best practices.

PRINCIPLES AND POLICIES

Principles

6. The approach for managing COE portfolios is guided by the following principles defined in the COE policy with the aim to maximize access to essential services and/or coverage:

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474 GF/B35/DP09.
• **Flexibility.** The grant management approach will be tailored to each COE context, with the types of flexibilities differing based on each situation. Flexibilities should increase impact through enhanced grant design, implementation, management and assurance. They should allow for greater responsiveness and timeliness of Global Fund investments, reduce administrative burden for implementing partners and Country Teams, and facilitate more effective service delivery to populations in need.

• **Partnerships.** The Global Fund will optimize the types of partners in COEs to address implementation weaknesses and strengthen grant performance. Given that the Global Fund does not have in-country presence, operational collaboration with development, humanitarian, private sector and non-traditional partners are essential for impact especially in COEs.

• **Innovations.** New approaches will be encouraged throughout the grant cycle in order to maximize results in COEs.

**COE Classification**

7. COEs refer to countries or unstable parts of countries or regions, characterized by weak governance, poor access to health services, limited capacity and fragility due to man-made or natural crises. COEs may be experiencing either acute or chronic instability which will be considered in tailoring the country approach (see Annex 1).

8. The Global Fund classifies COEs based on an external risk index (ERI). The ERI is a composite index that is derived by compiling data from 10 authoritative indices and is updated annually by the Risk Department.

9. The ERI categorization drives the classification of a portfolio under COEs. The list is based on the countries under the “very high risk” category of the ERI. Depending on emerging needs, ad-hoc adjustments can be made to the COE portfolios list, in line with the ERI updates and other contextual factors during the allocation period. For instance, countries facing an emergency situation can also be classified as a COE. An emergency is defined as an event or a series of events which has resulted in a critical threat to the health, safety, security or well-being of a large group of people. It can be the result of an armed conflict and coup-d’état, natural disasters, epidemics or famine, and often involves population displacement. Moreover, countries recovering from acute emergencies but continuing to face critical threats may, on a case-by-case basis, continue to be classified by the Secretariat as a COE.

10. The list of country portfolio classified as COE is determined for every allocation period and reviewed annually with the possibility to add countries based on updates to the ERI and emergency status by the Executive Grant Management Committee (EGMC). Once a country is categorized as COE, it will remain in the list for the corresponding allocation period.

11. The Operational Policy Hub in the Grant Management Division, working closely with the Risk Department and the Policy Hub, is responsible for defining the list of countries classified as COEs. Potential additions to the COE list can be triggered by the Country Team, the Operational Policy Hub or the Risk Department.

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175 The 10 indices used to establish the ERI are: The Fragile States Index (Fund for Peace); INFORM Index (Inter-Agency Standing Committee Task Team for Preparedness and Resilience); Global Peace Index (Institute for Economics and Peace); UN’s Safety & Security Index; Ease of Doing Business Index (World Bank); and five of the six World Bank Governance Indices (Voice and Accountability Index, Government Effectiveness Index, Regulatory Quality Index, Rule of Law Index; and Control of Corruption Index).
12. Annex 2 provides the existing list of COEs for the allocation period 2017-2019.\footnote{Annex 2 will be revised based on updates to the COE list.}
PORTFOLIO ANALYSIS AND OPERATIONAL STRATEGY

Overall Management Approach

13. Given governance and capacity challenges in COEs, the overall engagement approach for a particular country will be determined by the Country Team, who will define an operational strategy for the portfolio that shall be tailored to achieving impact within the context and needs of the COE based on an analysis of the portfolio. The portfolio analysis and operational strategy will be reviewed by a Secretariat advisory committee and approved by EGMC, prior to its application.

14. Each Country Team managing a COE portfolio shall undertake a portfolio analysis to define a strategic approach for the portfolio management. The portfolio analysis and operational strategy will cover, to the extent possible, the following:

   • Country and epidemiological context;
   • Lessons learned from past implementation;
   • Portfolio risks and challenges;
   • Potential areas for Global Fund investment for the next allocation period (what is the impact that the country needs to achieve in a COE and how can the investment be best focused to achieve that?);
   • Potential activities that may not be achieved given the country context;
   • Proposed implementation arrangements;
   • Proposed policy flexibilities for the portfolio.

15. Ideally, the Country Team should prepare the portfolio analysis and operational strategy before the initiation of the country dialogue and funding request development process, namely if the Country Team is planning to access flexibilities at the country dialogue and funding request stages. In case the Country Team is not able to finalize the portfolio analysis and operational strategy within this timeline, an extension of the timeline may be considered on a case-by-case basis.

16. The portfolio analysis and operational strategy can serve as the Global Fund engagement and investment approach in a COE during the next allocation period. Changes to the EGMC-approved operational strategy will require EGMC approval again, if the changes are deemed material. Materiality will be determined by the Country Team, in consultation with the advisory committee.

DIFFERENTIATED APPROACH THROUGH GRANT LIFECYCLE

17. This section captures differentiated approaches and flexibilities that may be applied for COE portfolios depending on the context. As indicated in the section above, a Secretariat advisory committee will review and advise on the tailored approach, before submitting to EGMC for final approval. Additional flexibilities may be accessed at any point in time through the normal EGMC approval channels. Examples of such flexibilities are summarized below:

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777 The advisory committee membership and ToRs will be defined soon.
ACCESS TO FUNDING AND GRANT MAKING

18. **Sources of Funding.** Global Fund financing for COEs is provided through country allocations. Under exceptional circumstances, funding may be provided to COEs through the Emergency Fund.\(^{178}\)

19. **Eligibility for Allocation.** To be able to access an allocation, a country should be eligible to receive Global Fund financing as defined in the [Global Fund Eligibility Policy](#). Country components with existing grants that would otherwise be ineligible to receive an allocation and apply for funding under the Eligibility Policy due to either disease burden or income level, will be eligible to continue to receive an allocation as long as their country remains classified as a COE. The application of this flexibility to a particular COE should be requested by the relevant Country Team and approved by the EGMC, prior to the country allocation exercise which is undertaken every three (3) years.

20. **Use of the Allocation.** In situations of significant cross-border displacement, the funding allocated by the Global Fund to a host country can be used to cover services and access to medicines and health commodities for the populations seeking refuge in the host country, in addition to providing services for the host population. The funding allocation from the country of origin may also be used for services in the relevant country hosting displaced populations from the country of origin, including where the host country is not eligible for Global Fund financing, taking into account whether:
   - The host country lacks the capacity and resources to deliver the necessary services through their national health systems; and
   - The provision of services for populations remaining in the country of origin continue, wherever possible.

The use of a country’s allocation for supporting displaced populations in a host country is determined on a case-by-case basis by the EGMC.

21. **Country Dialogue.** The manner in which country dialogue is conducted may be differentiated in COEs, including how to engage relevant stakeholders appropriately given the context. The country should, however, ensure the principle of striving for partner and stakeholder engagement is achieved as optimally as possible within the prevailing context.

22. **CCM and Non-CCM Arrangements.** Country Coordinating Mechanisms (CCMs) are central to the Global Fund’s commitment to country ownership and participatory decision-making processes. Where possible, this multi-stakeholder partnership at the country level should be the main body to develop and submit grant proposals to the Global Fund based on priority needs and oversee the progress during implementation.

23. **COE Countries that historically applied through CCMs that wish to continue doing so, may benefit from a lighter review of compliance with the CCM requirements provided they have a track record of compliance with these requirements, as demonstrated by previous Eligibility and Performance Assessment (EPA) results. As such, those CCMs may submit simplified supporting documentation to confirm compliance with CCM requirements. The CCM EPA conducted on an annual basis to determine the level of functionality of a CCM**

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\(^{178}\) As noted in the COE Policy, the Emergency Fund is expected to be used for funding beyond COE country allocations to support activities that cannot be funded through the reprogramming of existing grants during emergency situations. In such circumstances, Country Teams will consider charging back to a grant funded by the country allocation to replenish the Emergency Fund.
may also be tailored to the context to focus on self-assessment and light review (see CCM Eligibility and Performance Assessment Guidelines).

24. The Global Fund Framework document states that the Global Fund will consider proposals arising from partnerships in circumstances such as (i) where there is no legitimate government; (ii) where there is conflict, or natural disasters; (iii) countries that suppress or have not established partnership with civil society and non-government organizations.

25. In exceptional circumstances, alternative governance arrangements will be coordinated by the Global Fund, on a case-by-case basis, depending on the context of the COE and may include partner coordination mechanisms such as health clusters or use of one integrated regional grant management platform\textsuperscript{79}.

26. **Application Channel.** In accessing the allocation, COEs will be subject to any of the following application channels:

<table>
<thead>
<tr>
<th>Program Continuation</th>
<th>Components with no material change needed\textsuperscript{80} or with less than 2 years of implementation under an existing grant (High Impact country components may be considered on a case-by-case basis).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tailored Review</td>
<td>Components involving material changes, in line with the OPN on Grant Revisions</td>
</tr>
<tr>
<td>Full Review</td>
<td>Components in COEs categorized as High Impact</td>
</tr>
</tbody>
</table>

Each application channel follows a distinct process with its specific set of application materials. The Grant Approvals Committee (GAC) and the TRP decides on the application track for each of the disease component. For further details on these processes, please refer to the *OPN on Access to Funding and Grant Making*.

In its review of funding requests from COEs, the Technical Review Panel (TRP) will tailor their standard review criteria on a case-by-case basis, by applying considerations and flexibilities as appropriate to the specific COE context.

27. **Funding Request and Program Designs**
   a. Funding requests to use the allocation shall be based on the country’s National Strategic Plan or Health Recovery Plan, if available and updated, capturing the most current context and epidemiology of the COE.

   b. Global Fund investments in COEs aim to increase coverage of HIV, TB and malaria preventive and therapeutic services, to reach key and vulnerable populations, and maximize efficiency in existing country partnerships. Investments in COEs also aim to build resilience through stronger community and health systems; and to address gender-related and human rights barriers to services. During emergencies, the scope of Global Fund investments may be more limited, aiming to provide continuity of essential treatment and prevention services for people affected by the three diseases, as well as to help identify, prevent and contain outbreaks. During recovery, the scope of Global Fund investments may be more expansive and support countries rebuild health and community systems. For additional information on focusing and tailoring investments in COEs, please refer to the Guidance Notes on HIV, Tuberculosis,  

\textsuperscript{79} This was the approach followed for the Middle East Regional Grant.  
\textsuperscript{80} In line with the OPN on Grant Revisions – *Link forthcoming*.  

Malaria and Resilient and Sustainable Systems for Health (RSSH) in COEs (links forthcoming).

c. Global Fund investments shall be tailored to the specific context, with flexibility to rapidly respond to the changing environments. As part of their funding request, COE portfolios, in countries facing crisis and emergencies, may indicate their emergency preparedness plans, if available, i.e., define the minimum or altered scope that will be implemented if circumstances deteriorate, including the triggers for shifting to an emergency plan. Where such plans do not exist, Country Teams will work with in-country stakeholders and partners in COE portfolios to identify potential suitable options to implement the grants when situations escalate, namely in acute emergency and volatile settings.

d. Where there are weak capacities in program management, the program should be simplified to ensure operational feasibility. Country Teams may also explore innovative program designs and grant management approaches such as:

- Consolidating three disease components into one grant for synergy and operational efficiency, if the Principal Recipient has a relatively strong capacity to manage and coordinate activities across multiple components;
- Payment for results where data quality is sufficient and routine results monitoring and verification are possible;
- Direct payment from the Global Fund to identified service providers as part of a payment for results contractual framework;
- Participating in pooled funding with other donors if this ensures a more coordinated and synergistic response and reduces transaction costs, provided adequate measures are in place to ensure appropriate access and audit rights are maintained, including attribution and traceability of Global Fund funding.

28. Implementation Arrangements

a. In COE countries managed under the Additional Safeguard Policy (ASP), the Global Fund may directly appoint the Principal Recipient and/or Sub-Recipients and/or Service Providers which are best placed to implement the grant given the country circumstances. During implementation, Country Teams will continue to adjust implementation arrangements as necessary to address operational bottlenecks, including changing the Principal Recipient, or recommending the Principal Recipient to discontinue working with one or more Sub-Recipients, if their performance was deemed unsatisfactory. For COE countries that are managed under ASP, Country Teams may consider one of the organizations pre-qualified under the Emergency Fund following a competitive tender process.

b. To address weaknesses in project implementation capacities in COEs, service contract arrangements may be applied to support and build capacity of implementers in project, financial, procurement and supply chain management. This includes the flexibility for Country Teams to appoint a combination of fiscal, fiduciary or procurement agents for specific programs, as required. Such arrangements will not only ensure achievement of project objectives but also build the capacity of implementers.

29. Co-Financing Requirement. COEs may be exempt from meeting the co-financing requirement. Such an exception may be granted if the country experiences a protracted emergency, or in situations where a transitional government is in place, and where partners and/or the government shared with the Global Fund an official and substantiated communication confirming the country’s inability to meet the co-financing requirement.
Exceptions to the co-financing requirement are approved by the Head of Grant Management Division.

30. **Grant Documents**
   a. **Performance Framework.** The Performance Framework for COE portfolios may be tailored to the context and simplified (i.e., include a limited number of indicators, in line with the Performance Framework simplification guidelines for the Focused portfolios or work plan tracking measures). Indicators and targets should be realistic in acute emergencies with volatile and rapidly changing context, and more ambitious in chronic instability situations. Country Teams should work closely with their Public Health and Monitoring and Evaluation (PHME) Specialists, the Monitoring, Evaluation and Country Analysis (MECA) Team and selected implementers to determine the indicators and targets to be included in the Performance Framework given the context.

   b. **Monitoring and Evaluation (M&E) Plan.** In acute emergencies and unstable contexts, the M&E plan and any subsequent updates should focus on critical components such as: 1) the indicators, data collection methods and reporting; 2) the identified needs for strengthening capacity and Strategic Information, where possible as part of health systems strengthening; and 3) analysis of available data and possible surveys, studies and assessments to further generate data to improve situational awareness and programs.

   c. **Budget.** In COEs, and as part of the differentiated approach provided for in the Guidelines for Grant Budgeting for low value grants (below US$ 15 million), implementers are authorized and strongly encouraged to budget and report using the broad categories by interventions and cost groupings.

   In some instances, where the context is volatile and long-term planning is difficult, COE implementers shall be allowed to submit a budget, with quarterly details only for the first 18 months (i.e. 12 months execution period and 6 months of buffer period to allow for the processing of the first Annual Funding Decision) and annual budget for the remaining periods. The quarterly budgeting breakdown for the remaining period will be submitted with the PU/DR and finalized when processing the next Annual Funding Decision. An Implementation Letter (IL) will then be signed to detail the budget for the remaining periods upon agreement.

   d. **List of Health Products, Quantities and Related Costs.** Where appropriate, COE implementers shall provide detailed information on the health products to be procured on a quarterly basis through the Global Fund financing for a period of 18 months only and annual estimate for the rest of the implementation period. The subsequent quarterly forecasting can be finalized through the annual updating of the procurement forecast. This is a good practice to ensure the forecast is adjusted to correspond to the changing situation and the most updated circumstances in-country.

**GRANT IMPLEMENTATION**

31. COEs will generally follow the defined grant implementation approach for the portfolio category that they fall under in the differentiation framework (focused, core and high impact). The Overview of Grant Implementation provides a summary of the grant implementation approach that is applicable for each portfolio category. Flexibilities outside of the defined grant implementation approach may be applied for COEs.
32. **Reporting**
   a. A semi-annual progress report will be generally applicable only to COEs in Core and High Impact portfolios using the Global Fund Progress Update template. Recognizing capacity challenges in data collection and reporting in COEs, the due date of semi-annual reporting will be 60 days after reporting period, instead of the usual 45 days.
   
b. In emergency situations, the Country Team may decide to focus reporting on selected indicators that are relevant for tracking. This will be determined in consultation with the MECA Team. In such case, the remaining indicators will be deactivated for the relevant period, hence not affecting the grant rating. Such revisions will be documented through amending the Grant Agreement.
   
c. In case of pooled funding with other donors, reporting and annual funding decision timelines should align with the defined reporting and reviews for the program agreed among donors.
   
d. In compelling circumstances, the Global Fund may at its own discretion accept alternative, suitable and appropriate financial and programmatic reporting for the purposes of assessing progress where it is impossible for the implementer to submit the standard Global Fund reports. Such alternative reports may include available reports from another project, program or development partner with relevant information that the Global Fun can use to assess the progress of its programs.

33. **Monitoring and Evaluation**
   a. Monitoring and evaluation arrangements should be tailored to best enable impact. Programmatic assurance providers could be expanded outside of the traditional service providers especially when there is poor accessibility to certain areas. The Country Team should consider alternative service provider approaches when Local Fund Agents do not have access to certain service sites in some geographic regions. For example, the Country Team may plan for grant budgets to remunerate service providers for M&E verification and assurance work.
   
b. COEs shall follow the approach for program and data quality assurance as defined in the *OPN on Program and Data Quality*. The OPN allows for customization to the country context to best respond to the situation and the identified program and data quality risks in the country. For example, in acute situations, Country Teams may opt for spot checks whenever the access permits. Other possibilities may include triangulation of different data sources and real-time data from partners on the ground, where possible, to verify the program quality, instead of using LFA/service providers reviews in such settings.

34. **Procurement and Supply Chain Management**
   a. The Country Team should conduct a thorough assessment of the Principal Recipient’s procurement capacity. Principal Recipients deemed to have weak capacities in procurement may be registered to the Pooled Procurement Mechanism (PPM), or use a recognized procurement agent.
   
b. In areas of difficult access or where supply chain management and governance are poor, Country Teams may opt for contracting established supply chain management agents or services acceptable to the Global Fund, such as humanitarian agencies to manage the transfer of goods and commodities financed with grant funds until they reach the target populations.
35. **Financial Management**

   a. Where the Principal Recipient systems are weak, the Country Team may outsource financial management, in its entirety, to fiscal agents (i.e. private consultancy and accounting firms), or use fiscal/payment agents to monitor payments. In such cases, the Country Team should ensure to include in the grants’ budget a provision to strengthen the Principal Recipient’s financial management capacity.

   a. On an annual basis, and in accordance with the Grant Agreement, the transactions and balances of Principal Recipients and Sub-Recipients have to be audited, as well as at the closure of the grant. Depending on the context and the Principal Recipient, the auditor may have up to six (6) months after the end of the reporting period to submit the audit report, instead of the usual three (3) months.
36. **Grant Revisions**
   a. Grants implemented in COEs experiencing high volatility and rapidly changing environments require regular revision to the approved grants to quickly address the changing situation. In such cases, all COE portfolios, including in Focused countries, will be allowed to submit programmatic revision requests any time during the grant implementation, if warranted by the program context. The OPN on Grant Revisions (*Link Forthcoming*) has several built-in flexibilities to support regular programmatic revisions for COEs.
   
   b. Adjustments that are purely budgetary and that do not affect the performance framework are governed by the Global Fund’s *Guidelines for Grant Budgeting*, and shall follow the approval process defined for the relevant thresholds.
   
   c. In some acute emergency situations where one Principal Recipient in a certain country is not absorbing funding, the Country Team may authorize shifting activities and budgets from one Principal Recipient to another for the same approved application with the approval of the Regional Manager or Department Head (please see OPN on Grant Revisions – *Link Forthcoming*).
   
   d. Where an emergency preparedness plan was included and approved as part of the funding request, the program may shift to the emergency plan when the triggers are met. This shift will be approved by the Department Head and will not require a review by the TRP. If the emergency plan changes materially, as determined by the Country Team in consultation with the advisory committee, by the time it is triggered or if the plan was not initially reviewed by the TRP at the time of the funding request, TRP review will be required.

**RISK MANAGEMENT APPROACH FOR COEs**

37. Risk management should be informed by the Board, Strategy, Investment and Impact Committee (SIIC)\(^{181}\) and TERG conclusions\(^{182}\) that “among the multiple risks, the main risk for the Global Fund in fragile states is operational: the risk of not achieving its mission, due to not reaching key affected populations with priority services and thus not achieving impact in the three diseases.”

38. Risk analysis for COEs shall be conducted through the portfolio analysis and operational strategy discussed above. Portfolio risks will be captured in a Key Risk Matrix which will clearly define the key risks preventing achievement of impact, as well as the controls and risk mitigation measures to help address and overcome those risks.

39. On an annual basis, or whenever the context changes, the Country Team will update the Key Risk Matrix and assurance plan and present an update to a Secretariat advisory committee. Updates to the portfolio risk profile that result in significant changes to the operational strategy and the program’s implementation modalities should be presented to a Secretariat advisory committee.

**PARTNERSHIP AND TECHNICAL SUPPORT**

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\(^{181}\) SIIC paper on COEs from June 2015.
\(^{182}\) TERG Position Paper on fragile states presented to the SIIC in June 2014.
40. Partnerships are central to an effective engagement in COEs. As part of the portfolio analysis and operational strategy, Country Team should undertake a mapping of existing in-country partners. This mapping exercise will facilitate Country Teams work in further defining how these partnerships could be leveraged to strengthen in-country governance, enhance service delivery and improve technical assistance, to increase the effectiveness and efficiency of the grants implementation.

41. **Strengthening in-country governance.** Country Team should leverage existing in-country coordination and partnerships mechanisms whenever possible, including meaningful engagement of national key stakeholders and communities in decision making and oversight. Linkages with health, logistics, protection, gender-based violence and other clusters/sectors, where applicable, should be made both at national and global levels to improve coordination and foster integrated approaches during emergencies.

42. **Enhancing service delivery.** To enhance service delivery, the Country Team will work closely with national stakeholders and relevant partners to ensure coordination and harmonization of the suggested interventions and implementation approaches. Country Teams should explore the involvement of non-traditional implementation partners such as civil society organization and communities and the private sector, particularly in settings where public health services are primarily provided by the informal sector.

43. **Improving technical assistance.** Country Teams will collaborate with academic institutions, technical partners, civil society organizations, and other relevant actors with expertise in COEs to provide medium to long-term support and capacity building for COEs such as project management, monitoring and evaluation, data collection and reporting, financial management and supply chain management. Country Teams should also link with existing rosters of COEs specialists which can be mobilized to provide short term technical assistance to implementers. Capacity building initiatives may be supported through the Global Fund grants and partners’ support and commitment shall be formalized at the approval of the grant.

### ROLES AND RESPONSIBILITIES

44. **Oversight.** Within the Secretariat, the EGMC oversees the implementation of the differentiated approach for COEs, including the flexibilities for each COE.

45. **Secretariat advisory committee.** This committee will review the portfolio analysis and operational strategies submitted by Country Teams, advise on best approaches before the tailored strategies and flexibilities are submitted to EGMC for approval. It will be open to relevant external humanitarian partners on ad-hoc basis.

46. **Country Teams.** Led by the Fund Portfolio Manager, the Country Team is primarily responsible for defining and implementing a tailored operational strategy for each COE portfolio they manage.

47. **Support to COEs.** Several teams within the Secretariat provide support to Country Teams in managing COE portfolios:

<table>
<thead>
<tr>
<th>COE Support Team</th>
<th>Support Country Teams in accessing proposed flexibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Map relevant partners</td>
</tr>
</tbody>
</table>

THE GLOBAL FUND
<table>
<thead>
<tr>
<th>Department</th>
<th>Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAP (MECA and Disease and HSS Advisors)</td>
<td>- Compile and share best practices and innovative solutions in implementing program activities in COEs</td>
</tr>
<tr>
<td></td>
<td>- Provide guidance on focus of Global Fund investments in COEs</td>
</tr>
<tr>
<td></td>
<td>- Gather and share evidence-based best practices in COEs</td>
</tr>
<tr>
<td></td>
<td>- Provide guidance in tailoring M&amp;E and information strengthening</td>
</tr>
<tr>
<td></td>
<td>- Provide guidance on external service providers for verification tasks and technical assistance</td>
</tr>
<tr>
<td>Supply Chain Department</td>
<td>- Provide guidance on tailoring procurement and supply chain management</td>
</tr>
<tr>
<td></td>
<td>- Gather and share best practices on supply chain management</td>
</tr>
<tr>
<td></td>
<td>- Provide guidance on external service providers for commodity storage and distribution</td>
</tr>
<tr>
<td>Program Finance</td>
<td>- Provide guidance in tailoring budgets and financial management</td>
</tr>
<tr>
<td></td>
<td>- Gather and share best practices on financial management, including the use of national v/s parallel systems</td>
</tr>
<tr>
<td>Risk Management</td>
<td>- Provide inputs and oversee risk management for core and high impact portfolios</td>
</tr>
<tr>
<td></td>
<td>- Provide input in grant design, management and assurance, as relevant</td>
</tr>
<tr>
<td>Policy Hub</td>
<td>- Update COE policy as needed</td>
</tr>
<tr>
<td></td>
<td>- Facilitate reporting to the Strategy Committee and Board on COEs as part of the Strategy Implementation.</td>
</tr>
<tr>
<td>Operational Policy Hub</td>
<td>- Coordinate and provide guidance in the management of COEs portfolios</td>
</tr>
<tr>
<td></td>
<td>- Assist Country Teams in interpreting and applying policies relevant to COEs</td>
</tr>
<tr>
<td></td>
<td>- Develop and update operational policies and guidelines related to COEs</td>
</tr>
<tr>
<td></td>
<td>- Consolidate and document best practices and lessons learned on COEs</td>
</tr>
<tr>
<td></td>
<td>- Facilitate EGMC review and approval of COE tailored portfolio strategies, including requested flexibilities</td>
</tr>
<tr>
<td>Legal and Compliance Department</td>
<td>- Ensure compliance with Board policies</td>
</tr>
<tr>
<td></td>
<td>- Assist Country Teams in structuring, drafting and negotiating relevant contractual arrangements to support COEs</td>
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</tbody>
</table>
## Annex 1. Characteristics of Acute Emergency and Chronic Instability Settings

| **Acute Emergency** | • Ongoing humanitarian crises due to armed conflict, emerging disease threats or outbreaks or natural disasters.  
• Volatile security situation, with large numbers of internally displaced persons and/or refugees or other persons of concern  
• Health system significantly destroyed or overwhelmed by crisis  
• Major constraints to accessing certain areas and populations due to crisis  
• Rapidly evolving context, hence significant challenges with data representativeness, timeliness and availability  
• Disease strategic plans not available or are not a reliable reflection of the context and evolving epidemiology  
• CCM is not functional or is not well placed to coordinate country disease response in the crisis.  
• National entities may lack legitimacy, and capacity to implement including systems to ensure adequate fiduciary control and accountability |
| **Chronic instability** | • Precarious security situation relating to periodic political strife, governance change or weak leadership or localized conflicts  
• Accessibility challenges due to insecurity  
• Protracted economic crisis, low political will, and high levels of corruption  
• Health system weak and/or is in the process of rehabilitation  
• Service coverage levels are low  
• Data collection and analysis systems are weak or not established in certain cases  
• Disease strategic plans are not available or not robust  
• Coordination is led by a provisional stakeholder coordination forum; or CCM was only recently revived, or has long-standing challenges with respect to leadership, inclusiveness and transparency of decision-making  
• National entities have low capacity for implementation, with sustained weak performance |
Annex 2. List of COE countries – as of January 2017

The list below is valid for the 2017-2019 allocation period. Countries identified as challenging operating environments are enumerated below under their respective portfolio categorization following the differentiation framework:

<table>
<thead>
<tr>
<th>Focused</th>
<th>Core</th>
<th>High Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iraq</td>
<td>Afghanistan</td>
<td>Congo (Democratic Republic)</td>
</tr>
<tr>
<td>Lebanon</td>
<td>Burundi</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Mauritania</td>
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<td>Palestine</td>
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<td>Yemen</td>
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Annex 3. Tailoring LFA/Assurance Services in Challenging Operating Environments

The below guidance outlines some key principles and considerations for engaging assurance providers, and specifically LFAs, in COEs and for tailoring their assurance work.

Engaging assurance providers, including LFAs, in Challenging Operating Environments (COEs)

1. The volatile nature of many crises and the continuously changing context in which grants are being implemented in many COEs, but also the distinct architecture of these countries’ grants and implementation arrangements require risk management and assurance responses that are flexible and tailor-made to each country specific situation.

2. The management of a COE portfolio does not necessarily require more assurance work but rather smart assurance approaches that are rigorous and yet adapted to the challenges presented in the given country and grant context.

3. Important considerations to take into account when defining the scope and nature of assurance, including the LFA role are:
   (i) the complexity of the grants/country environment;
   (ii) the volume of funding, scope and geographical coverage of program activities;
   (iii) the capacity and performance of the country systems and implementers;
   (iv) historical grant performance;
   (v) the risk levels and prioritized mitigation actions
   (vi) Global Fund Country Team resources and capacity;
   (vii) Availability and capacity of partners/assurance providers in country
   (viii) Reliance on partners’ work;
   (ix) Effectiveness of implementers’ controls and/or risk mitigating mechanisms
   (x) Existence of early warning systems
   (xi) LFAs having adequate access to PR/SR information and program locations;
   (xii) Security to operate in country.

4. As far as available and appropriate, the Country Team may need to use various assurance providers in country to allow for a timely and adequate response to the crisis. The LFA can be one such assurance provider and important source of information.

5. The LFA’s ability to operate as much as possible in country is critical to managing the COE. This, however, may not always be feasible. The Country Team should assess and discuss with the LFA whether the latter is able to execute the Country Team’s tailored assurance plan that guides the LFA work. In cases where the LFA cannot access certain areas of the country or restricts its staff from travelling to the country due to security concerns, the Country Team may need to consider using partner agencies or contracting other independent assurance providers that are well versed in operating in insecure/COE environments to undertake required verification tasks in country complementing LFA routine desk reviews. In addition to working with the LFA and other assurance providers, as relevant, the Country Team should coordinate closely with the PRs (particularly where these are international agencies such as MSF, Save the Children, IRC etc.) to devise an assurance plan that builds on the PRs’ institutional experience in operating in COEs.

6. The nature of the crisis and associated risks/mitigations, which drive the assurance responses vary greatly from country to country. Hence, the management of risks in COEs
is based on a flexible application of and differentiated country-specific approach to assurance requirements and controls, including LFA services.

7. This means that based on its risk analysis the Country Team has full flexibility to adapt the level of LFA verification and the scope of LFA service Terms of References to the needs of the COE portfolio. For some COEs this may result in a significant reduction of the LFA scope of work while in others a shift of focus of LFA work may be required, depending on the Country Team’s consideration of the above listed factors (points 3 above).

8. For instance, settings with programs of very limited scope (e.g. only focus on treatment), a small number of implementation locations or beneficiaries and trusted implementers with a good track record may require only a limited involvement of an LFA, e.g. spot checks to address specific risks.

9. In other settings with weak implementation capacities and more complex programs, e.g. including large procurement and wide geographical coverage with limited or no access to sites, tighter fiduciary and programmatic controls are likely to be required. Here, the Country Team may decide to engage the LFA in more regular financial, programmatic and procurement checks, particular in countries where reliable information from partners/other assurance providers is not available.

10. Where feasible, the Country Team may also choose to use the LFA, or another country-based assurance provider in the absence of the LFA in country, as one of the resources for early warning as part of the ongoing monitoring of the situation and to act as the ear on the ground to be able to inform the Country Team as timely as possible of any issues/risks that require mitigation and management. Such information, for instance, can inform the reprogramming of grants as the implementation adapts to the evolving situation in country. In order for the LFA to provide up-to-date information to the Country Team it is critical that it engages regularly with relevant actors in country under the guidance of the Country Team.

11. As it determines the assurance strategy and plan for the grant portfolio, the Country Team should from the start seek the advice and closely consult with the Regional Manager/Department Head and the Regional Finance Manager for finance-related matters to ensure there is a shared understanding of the risks to adapt to and of the operational requirements to mitigate them. Further, the outcomes from the review of the portfolio by the Operational Risk Committee, and updated assurance plans are opportunities for making course corrections to the assurance activities based on the prioritized risks and mitigations.

12. The Country Team’s close communication, timely information sharing, planning and coordination with all relevant assurance providers, including the LFA, are key to setting expectations and managing programs in COEs. This, for instance, can comprise regular joint briefings from risk monitoring and updates to action plans and risk maps.

**Competencies of LFAs operating in COEs**

13. While most of the below competencies are expected of LFAs in any setting, they are of particular importance for LFAs operating in COEs:

- Experience in providing LFA services in COE countries;
- Good understanding of the national health system, government processes and procedures; incl. Ministries of Finance and other aid / governing bodies;
- Good intelligence insight with regards to the Ministry of Health and Government;
- Good intelligence on partner environment - organizations and entities involved in the fight against the three diseases in the country.
✓ Previous experience in the country where services are proposed or at least three key staff (Team Leader, Finance and Programmatic/M&E Expert) have minimum one year experience in the country context and have been performing ground work;
✓ Ability to be flexible and adaptable upon requests from the Country Team, including making staff available as and when required, and able to adjust under changing workload;
✓ Able to move around the country according to security protocols; and open to building partnerships for areas which may not be accessible due to security protocols;
✓ Able to manage Country Team requests within the proposed timelines, able to provide high quality and practical reviews and propose solutions based on experience with the country context;
✓ LFAs have their own security protocols or base the security protocols on professional security organization.

**Examples of tailoring LFA services in COEs**

14. The following examples may serve as guidance to the Country Teams when determining the LFA scope of work for COEs (this list is not exhaustive):

(i) In the case of COEs where LFAs are limited in the services they can provide due to their travel and security policies restricting their staff from travelling to and within certain COE countries, engaging vetted organizations could be considered to provide assurance services in country, as needed, to complement LFA routine desk work.

(ii) The Country Team may consider to host workshops with the PR, CCM and LFA outside the country, e.g. at the GF in Geneva, to discuss roles and responsibilities, including how reporting and risk would be managed. This can help to set expectations and resolve blockages.

(iii) Where the LFA has no access to a country, the Country Team may consider flying the PR to the neighbouring country for PU/DR reviews or other verification activities.

(iv) Moreover, if the LFA is unable to operate in the country, the Country Team may consider financing a consultant (e.g. emergency health professionals) on the ground to monitor risks and follow grant implementation. This may be done through close cooperation and sharing of such resources with partner organisations, such as UNHCR or ICRC.

(v) In some COEs, the Country Team may consider investing in alternative data collection methods that ensures the greatest reliable information, e.g. using cell phones.

(vi) The Country Team may need to review the staffing of the LFA team and discuss the required competencies for the given COE context with the LFA to ensure competent and experienced experts are in place who are well versed in operating in challenging environments.

**Important considerations for tailoring LFA services in COEs**

15. When considering the level and scope of engagement of LFAs in COEs the following needs to be taken into account:
(i) The flexible tailor-made approach to defining the LFA role in a given COE requires close coordination and timely planning with the LFA and relevant actors internally to ensure that required LFA resources are available when needed.

(ii) Depending on the severity of the crisis, as a last resort the LFA may have to relocate some or all of its staff, either to other safer parts of the country or to a neighboring country. While an in-country presence of the LFA is preferable, the LFA’s own risk management procedures to ensure the wellbeing of its staff need to be acknowledged and respected. While the LFA would not be able to perform certain tasks, such as spot checks, it may still be requested to perform other desk-based reviews and to keep itself abreast of the latest developments in country. At the same time, the Country Team needs to explore which, if any, other entities in country could assist with providing some assurance tasks, e.g. local NGOs.

(iii) In cases where unforeseen events in the country require significantly more LFA work than was originally included in the annual work plan/LFA budget the Country Team should consult the Regional Manager/Department Head, Regional Finance Manager and the LFA Coordination Team to decide on next steps.

(iv) In some security sensitive COEs the LFAs’ costs for providing security to their staff in country can be substantial. Such costs are normally covered by the LFA budget under Other Direct Costs (ODC). However, before agreeing to include such costs in the LFA budget, the Country Team should request the LFA for a breakdown of security related costs and consult the Regional Manager/Department Head, Sourcing and the LFA Coordination Team.
Support Costs and Indirect Cost Recovery (ICR) Policy for Non-Governmental Organizations

Issue Date: 13 March 2015
Purpose: To define the policy and principles related to Support Costs/Indirect Cost Recovery (ICR) for non-governmental organizations.

OVERALL OBJECTIVES

1. International non-governmental organizations (INGOs) implementing programs funded by Global Fund grants may request to include funds in their budgets to compensate for services that are provided by their headquarters, regional offices and/or parent organization (together referred to as “Headquarters” in this policy). Headquarters are generally located outside the country where the grant is implemented and support the in-country office of the organization to fulfill their activities and meet the grant’s objectives. This may be the case either when the Grant Agreement is signed directly by the in-country office or when it is signed by the Headquarters while the program is implemented by the local office.

2. The Global Fund encourages the development of in-country capacity and strives to ensure optimal allocation of resources to service delivery and maintaining the overall level of administrative costs at a minimum level.

3. Local non-governmental organizations (local NGOs) are generally expected and strongly encouraged to include all costs associated with the implementation of program activities as direct charges to the grant. In exceptional circumstances as indicated in the Global Fund guidelines for grant budgeting and reporting, and at the sole discretion of the Global Fund, where a local NGO is implementing programs and activities supported by several donors and has the financial system and capacity to demonstrate transparent cost recovery, the Global Fund at its sole discretion may authorize the relevant local NGO to charge a percentage of direct costs as ICR.

POLICY AND PRINCIPLES

4. This policy does not apply to UN agencies for which separate arrangements for ICR apply.

5. The in-country common costs of implementing entities (e.g. salaries, office rent, utilities, security, etc.) related to the management and administration of Global Fund programs should generally be charged directly to the grant “as direct costs” and are not affected by this policy.

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\[\text{This may include a clear audit trail on cost recovery mechanisms that are in place and subject to independent external audit review.}\]

\[\text{If a UN agency is selected as an implementer for a grant financed under the Emergency Fund, they must comply with this policy on indirect cost recovery.}\]
6. Funding for support costs and ICR shall not be applied when a financial management intermediary (i.e. a “fiduciary agent” or “fiscal agent”) is appointed to oversee and verify expenditures of grant funds, unless there is a prior approval of the Grant Approvals Committee.

7. The maximum rates which an eligible non-governmental organization may charge to support costs/ICR under Global Fund grant agreements and grant extensions signed are established in Annexes 1 and 2 of this OPN. However, where an organization is currently charging rates on Global Fund grants which are below or above the maximum rates established in Annexes 1 and 2, but in accordance with the approved budgets, these rates may be maintained until the end of the current implementation period. Any requests for support costs funding via ICR under a new implementation period or grant extension must be in accordance with this policy.

8. In the event the nomination of the Principal Recipient (PR) is not finalized at the time of Concept Note development and approval (as permitted under Global Fund policies and procedures), support costs/ICR costs of eligible PRs may be incorporated in the grant-making budget within the limits of the total funding ceiling. The budgetary implications of such costs should be disclosed to the CCM before submitting the final grant-making budget to the Global Fund.

9. If the Global Fund at its sole discretion approves funding for support costs/ICR, the Global Fund may include a special condition in the relevant Grant Agreement to specify terms such as the applicable rates, approved budget, description of services to be covered or other terms it may deem appropriate in accordance with this policy.

10. Each PR that receives funding for support costs or ICR is required to acknowledge and agree in the relevant Grant Agreement that it shall use such funding only in compliance with the Global Fund’s policy and principles on Support Costs/ ICR for non-governmental organizations and any conditions relating thereto in the Grant Agreement.

11. The support costs/ICR may be used exclusively to finance the following activities in support of the program:
   a) accounting, treasury management, reporting support and internal audit;
   b) human resources administration support;
   c) procurement services
   d) management support and oversight;
   e) legal support;
   f) IT support; and
   g) routine technical assistance and capacity building of in-country staff and structures

12. The PR shall ensure that support costs/ICR generated from grant funds are not used for fundraising, marketing, or for costs related to the development of Concept Notes.

13. All funds generated and costs charged will form part of the organization’s Annual Financial Statements which will be subject to external audit. In the event that this is part of the Statutory Financial Statements, a copy of the audit report for the organization

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185 The Global Fund at its sole discretion may in exceptional circumstances approve the use of such funds to support the country dialogue and Concept Note process
186 The Annual Financial Statement referred to in this OPN for purposes of support costs/ICR may be an integral annex in the Global Fund grant external audit or the Statutory Financial Statements of the Principal Recipient.
as a whole may be requested by the Global Fund. The audit report and auditor opinion should be submitted no later than six (6) months following the end of the organization’s regular fiscal year.

14. Accepting support costs commits the Headquarters organization to providing timely support to the country office for the effective and efficient implementation of grant activities and reporting. It is also expected that should weaknesses be identified in the management and administration of the grant by the country office, the Headquarters services or entity (in the case of local NGO) would implement appropriate and/or recommended actions in a timely manner.

15. The organization commits to providing the Global Fund with all the necessary information to allow the Global Fund to confirm that funds have been charged to the grant in accordance with the approved budget (including any budgetary adjustments as per section 3.5.1 of the Guidelines for Grant Budgeting) and to confirm that the Headquarters have provided any agreed services (when applicable).

16. The disbursement of funding for support costs/ICR by the Global Fund will follow the Global Fund’s standard annual funding and disbursement procedures and may be charged to the grant in proportion of the actual expenditures incurred.

17. Support costs/ICR will be considered eligible expenditures when charged to the grant based on actual expenditures and disbursement to Sub-Recipients (SRs) made by the PR. For SRs, the eligibility is based on actual expenditures.

18. In the event that a PR charges SR disbursements to a grant as support costs eligible for ICR, but the services not rendered by the SR, the SR shall refund in full the disbursed amounts to the PR. The PR shall be required to make an adjustment to ICR in its accounts based on amount refunded by the SR and the original rates applied.

19. Any support costs/ICR charges on accrued expenses and/or budget will be considered as ineligible expenditures by the Global Fund.

International Non-Governmental Organizations (INGO) Implementers

20. Eligible implementers, whose legal structure, reporting line and historical relationships demonstrate strong Headquarters involvement in their operations, may request financing for the support they receive from their Headquarters to be included in the Global Fund’s grant budget.

21. Costs related to the Headquarters’ own public relations, marketing and fundraising activities are not eligible for funding.

22. The percentage-based charge is designed to contribute to costs incurred by the Headquarters of an INGO and therefore costs related to the Regional Office or Headquarters should not be budgeted as direct costs in the grant. In certain instances based on the operational structure of the INGO, the Global Fund at its own discretion may approve charging limited costs incurred at the Regional Office or Headquarters level as direct costs under the grants.

23. In cases where the PR identifies an activity which would be undertaken in the most cost-efficient way by an employee of the INGO Headquarters office, these costs may be included as direct costs in the grant budget, provided that they are not part of the services to be provided against the payment of the ICR/support costs. The PR should
provide justification demonstrating value-for-money, efficiency in the execution of activities using Headquarters staff, the nature of the activity, deliverable, costs, and the expected outcome. Such direct costs should be classified as “consultants” and managed using internal invoicing mechanisms and not considered as human resources costs.

24. Some INGOs may have a robust mechanism of charging local administrative costs using a “shared-costs” approach. Shared costs can be defined as expenses that can be allocated to two or more funding sources (government, the Global Fund, other donors etc.) or different Global Fund grants on the basis of shared benefits and administrative efficiency. Such mechanisms should be clearly outlined in the framework agreement to be considered as eligible expenditure under Global Fund grants. Section 2.6 of the Guidelines for Grant Budgeting. Provide additional information on the “shared-cost” concept.

Local Non-Governmental Organizations (NGO) Implementers

25. Percentage-based ICR is generally not applicable when the Global Fund is the main funder\(^{187}\) of the NGO’s operations.

26. Local NGOs implementing programs and projects for multiple donors are encouraged for the purpose of the Global Fund budgeting and expenditure reporting, to apply a cost sharing methodology across the different funders based on the principles in section 2.6 of the Guidelines for Grant Budgeting.

27. The same assumptions and methodology used for apportionment of budgets of shared activities in the latest approved budget should be applied for expenditure apportionment. The actual shared costs expended and reported to the Global Fund should be based on the actual expenditures incurred by the implementer and not the budgeted amount.

28. In the event the provisions in paragraph 26 create additional administrative burden and inefficiencies in the management of shared-costs, local NGOs with the appropriate financial management capacity may be allowed to charge a percentage-based support costs/ICR. The Global Fund in approving this mechanism expects a proportional reduction in direct costs charged to the grant for administrative overhead to avoid duplication of costs for the same purposes.

RESPONSIBILITIES & PROCESSES

Responsibilities

29. The **Principal Recipient:**
   a) includes in the request for funding for support costs/ICR in the budget submitted to the Global Fund as part of the concept note and/or grant-making budget. The rates applied shall be in accordance with the Global Fund rates in effect as described in Annexes 1 or 2 for new grant agreements and grant extensions signed from 18 December 2014;
   b) provides the Secretariat with a narrative description of the services to be provided by Headquarters and/or the services that will charged as ICR as part of the grant-making documents when support costs/ICR provisions are not included in the signed framework agreement. In the event of any exceptional requests for

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\(^{187}\) The Global Fund annual budget represent 70% or more of the implementers (PR or SR) operations.
Headquarters related direct costs for an individual grant, the narrative description shall be updated to ensure it is specific to the country context and grant implementation needs;

c) integrates in the Annual Financial Report (AFR)\textsuperscript{188} that include support costs/ICR charged to the grant, both at the PR and SR level. These amounts for each grant could be included in available annexes to the AFR by disclosing the calculations; and

d) submits to the Global Fund a copy of the Annual Financial Statements for the organization no later than six months following the end of the organization's fiscal year. All funds generated and costs charged will form part of the organization’s Annual Financial Statements which will be subject to external audit.

30. The **Country Coordinating Mechanism** endorses the budget submitted in the concept note including the support costs or ICR. In the event that support costs/ICR costs was not included in the concept note submission, the Principal Recipient is expected to inform the Country Coordination Mechanism on the implication of such changes in the overall budget.

31. The **Local Fund Agent**, as requested by the country team:
   a) ensures that the budgeted support costs/ICR are within the maximum upper ceiling defined in Annexes 1 or 2;
   b) verifies on a regular basis that rates charged to the grant are in accordance with the agreed rates per the detailed budget; and
   c) assesses the NGO implementers (including INGO) capacity to perform transactions falling under their responsibility may be done on an annual basis. This assessment shall not be done by the LFA for each grant-making involving this organization but may be mandated by the Global Fund once a year or more frequently as necessary with the view to inform all relevant grant-makings, confirm that any agreed services to be provided by the NGO implementers (including INGO) have been performed, and assess any relevant issues related to the ongoing implementation of grants managed by this organization. The assessment will be coordinated by the Global Fund LFA team.

32. The **Country Team:**
   a) reviews the request for ICR in the budget submitted by the PR and the recommendations of the LFA (if applicable);
   b) notifies the PR of the outcome of the concept note review, including the budget; and
   c) verifies that rates charged to the grant are in accordance with the agreed rates in the detailed budget.

**CHANGE HISTORY:**

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<th>Issued/Changed By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
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<td>1.0</td>
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<tr>
<td>2</td>
<td>Financial Development Team</td>
<td>Key changes include the eligibility and methodology of charging ICR by local NGOs.</td>
<td>13 March 2015</td>
<td>1.1</td>
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</table>

\textsuperscript{188} Enhanced Financial Report for grants that are not part of the new funding model.
ANNEX 1: Maximum Headquarters Support Costs/ICR Applicable to International NGOs (INGO) Implementing Global Fund grants.

*These rates are the maximum that may be applied to any eligible INGO requesting Headquarters support costs/ICR for new grant agreements or grant extensions signed from December 18, 2014.*

<table>
<thead>
<tr>
<th>Entity</th>
<th>Type of Cost</th>
<th>Maximum Percentage Rates</th>
<th>Indicative guidance on the application of rates in the budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>INGO Principal Recipient (PR)</td>
<td>Health Products(^{189})</td>
<td>3%</td>
<td>• Where a procurement agent is used, the maximum rate that can be applied is 1%.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• If the SR is procuring directly, the PR may only charge a maximum of 1% on the value of the procurement in addition to a maximum of 3% which may be charged by an INGO SR and 2% by NGO SR.</td>
</tr>
<tr>
<td></td>
<td>Funds managed by Sub Recipients</td>
<td>5%</td>
<td>• The PR may charge up to a maximum of 5% on SR direct costs.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• If the SR is also an INGO claiming ICR, the SR may charge up to a maximum of 5% on their own direct costs, and the PR may charge a maximum of 2% on the SR direct costs (the calculation should exclude the SR ICR)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• If the SR is NGO claiming ICR, the SR may charge up to a maximum of 3% on their own direct costs, and the PR may charge a maximum of 4% on the SR direct costs (the calculation should exclude the SR ICR)</td>
</tr>
<tr>
<td>INGO Sub Recipient</td>
<td>Health Products(^{1})</td>
<td>3%</td>
<td>• Where a procurement agent is contracted by the SR, the maximum rate that can be applied is 1%.</td>
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<td></td>
<td>• If the PR is managing the procurement, the SR is not entitled to charge any overheads on these amounts.</td>
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<tr>
<td>All other Direct costs incurred by the PR</td>
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<td>7%</td>
<td></td>
</tr>
<tr>
<td>Funds managed by Sub Recipients</td>
<td></td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>All other Direct costs</td>
<td></td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

\(^{189}\) All costs included in the cost categories Health Products - Pharmaceutical Products (category 4), Health Products - Non-Pharmaceuticals (category 5), Health Products – Equipment (Category 6), and cost input 7.2.
<table>
<thead>
<tr>
<th><strong>Additional Safeguard Countries</strong></th>
<th>All Rates remain the same with the following exceptions</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>• The PR may charge up to a maximum of 7% on SR direct costs.</td>
</tr>
<tr>
<td></td>
<td>• If the SR is also an INGO claiming ICR, the SR may charge up to a maximum of 7% on their own direct costs, and the PR may charge a maximum of 3% on the SR direct costs (the calculation should exclude the SR ICR).</td>
</tr>
<tr>
<td></td>
<td>• If the SR is an NGO claiming ICR, the SR may charge up to a maximum of 5% on their own direct costs, and the PR may charge a maximum of 3% on the SR direct costs (the calculation should exclude the SR ICR).</td>
</tr>
<tr>
<td></td>
<td>• Where an INGO is an SR of a UN agency, they may charge up to 7% on their own direct costs.</td>
</tr>
<tr>
<td></td>
<td>• If a fiscal agent is contracted, no ICR should be paid to the PR.</td>
</tr>
</tbody>
</table>

| **Direct Costs from Headquarters** | The percentage based fee is designed to contribute to costs incurred by the Regional or Headquarters of an INGO and therefore no direct costs related to the Regional Office or Headquarters should be budgeted in the grant, unless approved as part of the Framework agreement signed with the Global Fund. |
|                                   | However, in cases where the PR requests to directly charge a limited number of costs incurred at Headquarters level or where the Global Fund has requested the Headquarters to provide a specific service to the Country (e.g. more than 1 internal audit per year from the Headquarters), the PR should provide sufficient justification as to why the costs are not part of the normal Regional or Headquarters support to the grant. Requests for inclusion of these costs should normally be addressed during the grant making process and should include a detailed description of the activity, a detailed budget for the activity, and a confirmation that none of the related costs are included in the indirect costs of the Headquarters and the services specified. |

| **CALCULATION NOTE:** | The PR charge on funds managed by SRs should be exclusive of the percentage based charges applied by the SR. |
|                       | These rates may only be charged to the grant based on actual cash expenditure and disbursement to SRs. Therefore they may not be charged based on accrued expenses. |
ANNEX 2: Maximum ICR Applicable to Local NGOs (NGO) Implementing Global Fund grants.

_These rates are the maximum that may be applied to any eligible INGO requesting Headquarters support costs/ICR for new grant agreements or grant extensions signed from December 18, 2014_

<table>
<thead>
<tr>
<th>Entity</th>
<th>Type of Cost</th>
<th>Maximum Percentage Rates</th>
<th>Indicative guidance on the application of rates in the budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGO Principal Recipient (PR)</td>
<td>Health Products&lt;sup&gt;1&lt;/sup&gt;</td>
<td>2%</td>
<td>• Where a procurement agent or PPM is used, the maximum rate that can be applied is 1%.</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>• If the SR is procuring directly, the PR may only charge a maximum of 1% on the value of the procurement in addition to a maximum of 3% which may be charged by an INGO SR and 2% by a NGO SR</td>
</tr>
<tr>
<td>All other Direct costs incurred by the PR</td>
<td></td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Funds managed by Sub Recipients</td>
<td></td>
<td>3%</td>
<td>• The PR may charge up to a maximum of 3% on SR direct costs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• If the SR is an INGO claiming ICR, the SR may charge up to a maximum of 5% on their own direct costs, and the PR may charge a maximum of 2% on the SR direct costs (the calculation should exclude the SR ICR)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• If the SR is NGO claiming ICR, the SR may charge up to a maximum of 3% on their own direct costs, and the PR may charge a maximum of 2% on the SR direct costs (the calculation should exclude the SR ICR)</td>
</tr>
<tr>
<td>NGO Sub Recipient</td>
<td>Health Products&lt;sup&gt;3&lt;/sup&gt;</td>
<td>2%</td>
<td>• Where a procurement agent is contracted by the SR, the maximum rate that can be applied is 1%.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• If the PR is managing the procurement, the SR is not entitled to charge any overheads on these amounts.</td>
</tr>
<tr>
<td>All other Direct costs incurred by the SR</td>
<td></td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup> All costs included in the cost categories Health Products-Pharmaceutical Products (category 4), Health Products - Non-Pharmaceuticals (category 5), Health Products – Equipment (Category 6), and cost input 7.2.
### Additional Safeguard Countries

All Rates remain the same with the following exceptions

- The PR may charge up to a maximum of 5% on SR direct costs.
- If the SR is an INGO claiming ICR, the SR may charge up to a maximum of 7% on their own direct costs, and the PR may charge a maximum of 2% on the SR direct costs (the calculation should exclude the SR ICR).
- If the SR is an NGO claiming ICR, the SR may charge up to a maximum of 5% on their own direct costs, and the PR may charge a maximum of 2% on the SR direct costs (the calculation should exclude the SR ICR).
- Where an eligible NGO is an SR of a UN agency, they may charge up to 5% on their own direct costs.
- If a fiscal agent is contracted, no ICR should be paid to the PR.

### CALCULATION NOTE:

- The PR charge on funds managed by SRs should be exclusive of the percentage based charges applied by the SR.
- These rates may only be charged to the grant based on actual cash expenditure and disbursement to SRs. Therefore they may not be charged based on accrued expenses.
ANNEX 3: Sample Calculation

GRANT X – an INGO PR with 2 SRs (1 INGO and 1 NGO). The PR and SRs require ICR.

Budget Breakdown
PR – 10,000,000 (8,000,000 Health Products, 2,000,000 Other Direct Costs)
SR 1 (INGO) – 5,000,000 (Other Direct Costs)
SR 2 (NGO) – 3,000,000 (Total Budget including common costs which are detailed)
Total Budget before Support/ICR – 18,000,000

Headquarters Support/ICR Calculation
PR – Health Products – 8,000,000 X 3% = 240,000
PR – Direct Costs – 2,000,000 x 7% = 140,000
PR – Disbursements to SR 1 (INGO) – 5,000,000 X 2% = 100,000
PR – Disbursements to SR 2 (NGO) – 3,000,000 X 2% = 60,000
Total Percentage Charge by PR – 540,000
SR 1 (INGO) – 5,000,000 X 5% = 250,000
SR 2 (NGO) – 3,000,000 X 5% = 150,000

TOTAL GRANT VALUE – 18,940,000
Total Headquarters Support Costs/ICR levied on the grant at both PR/SR combined = 5.2% or 940,000
## ANNEX 4: ICR APPROVAL PROCESS

<table>
<thead>
<tr>
<th>Seq. No</th>
<th>Actors</th>
<th>Process Description</th>
<th>Output</th>
<th>Relevant Links</th>
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<tr>
<td>Concept note</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>CCM</td>
<td>Submits the Concept Note (along with the budget) including the request for Headquarters support costs/ICR.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Country Team</td>
<td>Informs the CCM of the outcome of the TRP/GAC1 review and pursues the grant making.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Grant-making | | |
|---------------|----------------------------------------------------------------------------------------------------------------------------------|--------|---------------|
| 3.            | Country Team                                                      | Conducts and finalizes the capacity assessment of the PR (with support from the LFA as necessary), in order to confirm the suitability of the PR. |        |               |
| 4.            | PR                                                                 | Submits the detailed budget including the ICR costs as well as a narrative description of the services to be provided by Headquarters and a confirmation that the PR agrees to comply with the requirements for the use of Headquarters support costs/ICR. |        |               |
| 5.            | Country Team                                                      | Undertakes initial review of the documents provided by the PR and decides on the areas of focus for the LFA review. |        |               |
| 6.            | LFA                                                                | As relevant, reviews the documents based on CT requirements and provides recommendations. |        |               |
| 7.            | PR                                                                 | Revises the documents taking into account the Country Team and LFA recommendations. |        |               |
| 8.            | Country Team                                                      | Approves the final grant documents, as well as the final grant amount, including the relevant ICR costs. | Grant Agreement |               |
Additional Safeguard Policy

Approved on: 1 May 2019  
Approved by: Executive Grant Management Committee  
Process Owner: Grant Management Division

OVERALL OBJECTIVES

1. The Additional Safeguard Policy (the “ASP”) is one of an array of Global Fund risk management tools. It was instituted by the Board at its Seventh Meeting.\(^{193}\)

2. ASP can be invoked in full or in part whenever “existing systems to ensure accountable use of Global Fund financing suggest that Global Fund monies could be placed in jeopardy without the use of additional measures” (see ASP Policy). The ASP is primarily focused on addressing material issues that arise when program implementers (e.g., Principal Recipients and Sub-Recipients) have demonstrated a lack of capacity or failure to effectively deploy, implement and/or safeguard Global Fund grant funding and assets as a result of factors within and beyond the control of existing implementers in a particular country (e.g., civil unrest, an influx of displaced persons, governmental instability, and inadequate national program capacity).

3. This OPN situates the ASP within the overall portfolio risk management framework of the Global Fund and provides the parameters for the application of the ASP within that risk framework. This OPN complements the existing policies on Challenging Operating Environments (COE) and Risk Management across the grant life cycle.

OPERATIONAL POLICY

Scope of ASP

4. The ASP may be invoked for an entire portfolio of Global Fund grants in a particular country or for a specific disease component.

5. The ASP may be invoked when there are significant portfolio or disease-specific risks that compel the Global Fund to take the primary role in prescribing and deciding the implementation arrangements for a particular portfolio or disease component.

6. **Triggers.** Applying the ASP may be prompted by the following:
   - Global Fund Secretariat assessments;
   - Findings of the Office of the Inspector General;
   - Reports from Local Fund Agents (“LFAs”);

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\(^{193}\) Report of the Governance and Partnership Committee GF/B7/7 - https://www.theglobalfund.org/board-decisions/b07-dp14/
• External auditor reports; and
• Assessments from partners or other sources assessing risk factors in a particular portfolio.

7. Examples of these triggers include (but are not limited to):
• Political instability or lack of a functioning government;
• Poorly developed or lack of civil society participation;
• Lack of a transparent process for identifying appropriate implementing partners;
• Identified fraud or misuse of Global Fund financing and/or any other funds; and
• Recent or ongoing conflict limiting capacity for the Country Coordinating Mechanism (“CCM”) to conduct a transparent selection process for implementers.

8. ASP safeguards. In determining specific implementation arrangements under the ASP, the Global Fund may select the Principal Recipient(s) (“PR(s)”), and/or Sub-recipient(s) (“SR(s)”) and other implementing entities.

• Selection of PRs. The Global Fund may elect to lead the selection of implementers for the program. The nomination of the PR(s) may be made directly by the Global Fund, in consultation with the CCM and other development partners. Such PR(s) may include multilateral or bilateral organizations, NGOs or other suitable entities as determined by the Global Fund.

When selecting a PR, the applicable Global Fund Country Team is expected to conduct a capacity assessment of potential organizations to transparently select the most suitable entity for the implementation of the grant(s). The capacity assessment will be tailored to identified risks specific to the portfolio or disease component and consider existing assessments.

• Selection of SRs and Other Implementing Partners. The Global Fund may also select or make final decisions on the nominated SR(s) and implementing entities. The selection will be based on assessment of risks which may include review of existing financial management systems, institutional and programmatic structures, procurement systems, and where applicable, monitoring and evaluation structures.

9. Additional Risk Mitigation Measures. The ASP safeguards, whereby Global Fund selects the implementer(s), can complement or be complemented by risk mitigation measures such as the installation of fiscal/fiduciary agents, restricted cash policy, use of GF Pooled Procurement Mechanism and other measures as specified in the Risk Management OPN and the Global Fund Guidelines on Financial Risk Management. The proposed additional risk mitigation measures and the ASP safeguards form part of the overall risk management approach for a particular portfolio and/or disease component.

Invoking the ASP

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192 In the event that UNDP is selected as Principal Recipient, the special ASP standards terms and conditions of the grant agreement for UNDP should be used.
10. The decision to invoke and subsequently revoke the ASP for a particular portfolio is taken by the Global Fund Executive Director based on recommendation from the Head, Grant Management Division in consultation with the Portfolio Performance Committee (PPC). In emergency and crisis situations, the Head, Grant Management Division can recommend invoking the ASP to the Executive Director in consultation with the Chief Risk Officer as PPC Co-Chairs. The decision to invoke the ASP by the Executive Director will be succeeded by a PPC Executive Session to further discuss the situation and review the overall risk mitigation measures applied to the country.

11. A decision to invoke the ASP can be taken prior to or during the submission of a funding request for a particular funding cycle, so that the decision to invoke ASP can inform the design of funding requests and resulting grants. However, in some cases, significant risks may arise during the implementation stage which would justify the subsequent invocation of ASP for a particular portfolio.

12. A Country Team proposal to apply ASP for a portfolio should be supported by a comprehensive risk assessment. In proposing to invoke the ASP, the Country Team should clearly state:
   a. the rationale for proposed invocation of the ASP and clear identification of applicable risk factors;
   b. the proposed implementation arrangements that will be determined by the Global Fund
   c. any additional risk mitigation measures that are or will be applied to the portfolio proposed for ASP; and
   d. specific conditions to be met to revoke the ASP status.

13. Proposed conditions to revoke ASP status include clear, time-bound, strategic actions to be implemented by the CCM and/or the PR(s), for factors that are within their control, as a precondition to the revocation of ASP status.

14. Risk factors and Country Team recommendations to invoke the ASP should be discussed with the CCM including the implications of invoking ASP for the applicable country portfolio. The CCM should be notified about the final decision to invoke the ASP status.

15. ASP status is valid until the Global Fund has made a decision to revoke the ASP for a particular portfolio or disease component based on an analysis of risks, the effectiveness of implementation arrangements, the status of the additional risk mitigation measures and the extent to which the conditions to revoke ASP status have been met.

**Monitoring and Revoking the ASP**

16. As part of the routine operational risk management functions, the Country Team monitors risk factors, the implementation arrangements, the additional risk mitigation measures and the conditions related to ASP.

17. For High Impact and Core portfolios, the review of ASP-related risks will be conducted as part of the annual review of portfolio risks by Country Team and Risk Department as captured in the Key Risk Matrix (see *OPN on Risk Management*). For Focused portfolios, such review will be conducted annually as part of the Annual Funding Decision-making process. The review will focus on the current status of relevant risks and the effectiveness of the implementation arrangements, the existing risk mitigation measures and conditions previously identified to revoke the ASP status. When assessing the mitigation measures in place, such as a requirement to use an international organization as PR, the value for money of management costs are a factor to be considered but should not be the sole basis for a transition to a national PR and must always be part of a risk-based discussion with approvals at the appropriate level.
18. As part of the regular ASP monitoring process, the Country Team may propose the revocation of ASP status for a particular portfolio. The proposal to revoke ASP status will be presented to the PPC. This review may occur through scheduled country portfolio reviews as applicable or through a PPC Executive Session (as defined by the PPC TORs). In proposing to revoke ASP status, the Country Team should clearly indicate to the PPC:
   a. the rationale for the proposed revocation, providing an update on the status of risk mitigation measures and fulfilment of conditions to revoke the ASP for the applicable portfolio; and
   b. the continuing relevance of the implementation arrangements that were originally imposed on the portfolio.

19. The PPC will review the proposal and analysis conducted by the Country Team. The ASP may be revoked if:
   a. circumstances that gave rise to the original decision to invoke the ASP for the specific country portfolio have materially changed and/or the country or grant implementers have put in place systems and safeguards to ensure accountable use of Global Fund financing; or
   b. further grant implementation experience has demonstrated that the risks identified at the time the ASP was invoked have not materialized, such that the applicable ASP measures are no longer necessary.

20. In circumstances where the annual risk review reveals a negative upward risk trend and worsening situation of a specific country portfolio, the PPC will review the full scope of risk mitigation measures and flexibilities in place including the ASP.

Secretariat Tracking and Reporting of ASP

21. The Secretariat will report cases in which the ASP has been invoked or revoked to the Strategy Committee on a regular basis.

22. The Operational Efficiency Team, GPS Department will track the status of ASP countries and the Head, Grant Management Division will report newly added and removed ASP countries to the Strategy Committee.

Amendments to this Policy

23. The ASP, as set forth in this Operational Policy Note, will be reviewed and updated as necessary based on specific cases and experiences.

RESPONSIBILITIES AND PROCEDURES

Responsibilities

24. The **Country Team** is responsible for the monitoring of the ASP within the risk management of country portfolios and in proposing to the Portfolio Performance Committee whether:
   - Any country portfolio should be managed under the ASP;
   - The imposed implementation arrangements and additional risk mitigation measures imposed on the country portfolio managed under the ASP are effective or require revision; and
   - The ASP should be revoked for any country portfolio currently being managed under the ASP, based on the fulfilment of the special conditions to revoke the ASP status.

25. The **Risk Specialist** is responsible for reviewing the risk analysis undertaken by the CT, ahead of the PPC review for invoking, revoking or monitoring the progress of the ASP. The
Risk Specialist conducts annual review with the Country Team of the portfolio risks as a part of the annual update of the Key Risk Matrix.

26. The **Operational Efficiency Team, GPS Department** is responsible for managing the list of ASP countries and updating the ASP portfolio categorization in the Global Fund Operating System (GOS).

27. The **Portfolio Performance Committee (PPC)** reviews the proposals to invoke or revoke the ASP for a particular portfolio. The PPC also reviews the progress on the additional risk mitigation measures and ASP conditions.

28. The **Head, Grant Management Division** is responsible for reporting to the Strategy Committee on country portfolios where ASP is invoked or revoked. The Head, Grant Management Division will recommend invoking or revoking the ASP status to the Executive Director for final decision.

29. The **Executive Director** considers the recommendation from the Head, Grant Management Division and makes final decision to invoke or revoke ASP in a particular portfolio.

30. The **Country Coordinating Mechanism** is informed of the Secretariat risk assessment and decision to invoke or revoke ASP. The CCM oversees the implementation of ASP conditions as part of its in-country oversight and holds the relevant stakeholders accountable.

31. The **Principal Recipient** is responsible for safeguarding the Global Fund investments and implementing the grant as agreed with the Global Fund. They are responsible for ensuring the implementation of the specific risk mitigation measures and reports to the CCM on the status of mitigation measures.

32. The **LFA** assists the Country Team, by assessing the risks of a particular country portfolio and recommending appropriate risk mitigation measures and/or conditions and, as requested, oversee ASP mitigation measures such as in-depth assessments of the PR and SRs and review progress on conditions to revoke the ASP status.

**Procedures**

**Annex 1** provides detailed procedures and RACI on invoking, revoking and monitoring of ASP.

**CHANGE HISTORY:**

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<th>Issued/Changed By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
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<td>1.</td>
<td>Office of the Director, Country Programs Cluster</td>
<td>N/A</td>
<td>February 2008</td>
<td>1.0</td>
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<td>2.</td>
<td>Operational Support Team and Legal and</td>
<td>Updating the general process of invoking and revoking the ASP, including the list of criteria for invoking the policy as well as the list</td>
<td>October 2014</td>
<td>1.1</td>
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<td>Compliance Department</td>
<td>safeguard measures.</td>
<td></td>
<td></td>
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<tr>
<td><strong>3</strong> Operational Efficiency Team</td>
<td>Updating the general process of invoking and revoking the ASP linked to the creation of the Portfolio Performance Committee as well as expanding the monitoring of the status and completion of conditions to revoke the ASP status.</td>
<td>May 2019</td>
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OPERATIONAL POLICY NOTE

Country Coordinating Mechanism Funding

Approved on: 25 September 2019
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions & Support – CCM Hub
Sub-process Owner: Program Finance and Controlling Department

OVERALL OBJECTIVES

1. The Global Fund provides Country Coordinating Mechanism funding (CCM Funding) through performance-based agreements tied to achievement of performance objectives. CCM Funding aims to support:
   a. CCM core functions as set forth in the CCM Policy Including Principles and Requirements;
   b. CCM performance and maturity in oversight, key populations engagement, linkages, and CCM functioning, as set forth in the CCM Policy Including Principles and Requirements.

2. The framework below provides an overview of the CCM Funding process:

   ![Diagram of CCM Funding Process]

   AGREEMENT PROCESS: 1-2 MONTHS
   FUNDING PERIOD: UP TO 3 YEARS

OPERATIONAL POLICY

3. This Operational Policy Note (OPN) describes the rules and requirements that Country Coordinating Mechanisms (CCMs) must follow to receive CCM Funding.

4. Unless otherwise stated in this OPN or agreed in writing with the Global Fund, CCMs must comply with the Global Fund Guidelines for Grant Budgeting when using CCM Funding.

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193 As set forth in the CCM Policy Including Principles and Requirements.
194 This document replaces previous CCM Funding OPN and CCM Funding Guidelines.
195 For purposes of this document, the term “Country Coordinating Mechanism” or “CCM” includes all coordinating mechanisms fulfilling CCM functions as they are set forth in the CCM Policy Including Principles and Requirements.
5. The CCM Hub, within the Grant Management Division, centrally manages CCM Funding, including the CCM Funding Agreement negotiation and execution, disbursement, monitoring & reporting, and closure processes. This is done in close consultation with Country Teams.

Assess CCM Funding Eligibility

6. Eligibility for CCM Funding is determined by compliance with the six CCM Eligibility Requirements, as set forth in the CCM Policy Including Principles and Requirements, until the last Global Fund grant is closed. Eligibility for CCM Funding does not guarantee an allocation of funding for CCMs.

7. Compliance with CCM Eligibility Requirements 1 and 2 is assessed by the Global Fund’s Access to Funding Department, at the time of submission of the national request for funding through the country’s allocation, as set forth in the CCM Policy Including Principles and Requirements, and in the OPN on Design and Review of Funding Request.

8. Compliance with CCM Eligibility Requirements 3 to 6 is assessed at the request for funding stage and on a yearly basis, as set forth in the CCM Policy Including Principles and Requirements. An Eligibility and Performance Assessment must be carried out as an evaluation tool to assess compliance with CCM Eligibility Requirements 3 to 6.

Negotiate and Sign CCM Funding Agreement

CCM Funding Period and Amount

9. CCM Funding is approved for a three-year funding period, and no overlap between funding periods is allowed: the earlier CCM Funding Agreement is automatically terminated when the new CCM Funding Agreement is signed.

10. A CCM Funding Performance Framework is determined at the beginning of each funding period. The Performance Framework must be consistent with the country-context and composed of a set of indicators targeting the performance objectives each CCM is required to report on annually. Failure to meet the agreed objectives affects the disbursement decisions in subsequent years, in line with the principle of performance-based CCM Funding.

11. The Global Fund determines at the beginning of each funding period an annual funding envelope amount for each CCM (“Funding Envelope”), which is based on the achievements of the performance objectives set in the preceding funding period. The total CCM Funding Agreement amount corresponds to three Funding Envelopes, that are distributed and spent over the three-year funding period. This amount cannot be increased during the funding period.

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196 The three-year funding period is not necessarily aligned with the national grant allocation cycle.

197 Indicators may be defined by CCM Hub in cooperation with CCMs, Global Fund Country Teams and other relevant teams within the Global Fund Secretariat.
12. For CCM Funding Agreement amounts higher than US$ 300,000, the CCMs must demonstrate mobilization of additional external funding, which must be at least 20 percent of the amount exceeding US$ 300,000. The CCMs must report annually on the use of such external funds.

**Eligible Items for CCM Funding**

13. The CCM Secretariat operational costs and CCM activities must be agreed and endorsed by all CCM members. They must be included in a Costed Work Plan by cost grouping, performance area, and respective budget cost. Costed Work Plans must be submitted to and approved by the Global Fund annually.

14. The following categories of operational costs and activities are eligible for CCM Funding:
   a. Human Resources (CCM Secretariat staff)
   b. Travel Related Costs (includes meeting expenses)
   c. External Professional Services
   d. Non-health Equipment (office furniture and equipment)
   e. Communication Materials and Publications
   f. Indirect and Overhead Costs

15. The Human Resources budget is validated as a fixed cost and cannot increase during the three-year funding period. Any annual salary increases aligned with national or organizational policy of the hiring entity must be budgeted for within the agreement. The budget shall not exceed 2 full-time equivalent headcounts.

16. CCM Secretariat staff must (i) be accountable to the CCM as a whole, and not to any single constituency or member, (ii) have clear terms of reference, (iii) be recruited through a transparent and documented process based on capacity for the role and global good practices, and (iv) be rigorously evaluated on a regular basis, with participation of all CCM constituencies. Global Fund support to HR costs is dependent on the performance of the CCM Secretariat.

17. Activities linked to the CCM’s role in strengthening sustainability and / or preparing for transition from Global Fund financing can be financed via the CCM Funding Agreements. CCMs whose country is notified by the Global Fund that they have disease components that are a “transition preparedness” priority or that they are receiving transition funding must use a portion of CCM Funding to implement activities that support the sustainability of the disease components.

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198 Please refer to Instructions included in the Costed Work Plan template for more details on each category.

199 Employees supporting CCM Secretariat’s cleaning and other services not related to the CCMs’ core functions must be included in the category Indirect Overhead Costs.

200 This principle applies the approach set forth in the Sustainability, Transition and Co-financing Policy (GF/B35/04 – Revision 1 Board Decision).

201 Under the Sustainability, Transition and Co-financing (STC) Policy, all Upper Middle Income (UMI) countries (regardless of disease burden) and Low Middle Income (LMI) countries with disease components that have a low burden are considered transition preparedness priorities. While this does not mean that all the disease components in this category are transitioning from Global Fund financing immediately, it does mean that these components should proactively prepare for transition from Global Fund financing and that transition considerations should be included in Funding Requests, grant design, program design, and co-financing commitments. For more information, please consult the STC Guidance Note.
national responses to the three diseases\textsuperscript{202}. Other activities included in this category are those related to the continuation of the role of the CCM or activities to ensure the continuation of the principles of Global Fund CCMs in other national governance mechanisms after full transition from Global Fund financing.

18. CCMs must allocate at least 15\% of the CCM Funding Agreement amount to support constituency engagement for non-governmental sector activities, in order to facilitate non-governmental constituency consultations, including civil society and key population groups, and to promote and improve the quality of stakeholder participation. Failure to comply with this requirement may affect disbursement decisions in subsequent years and calculation of the Funding Envelope.

19. The use of CCM Funding has the following limitations:
   a. cannot be used to remunerate CCM members;
   b. cannot be used to finance Principal Recipient’s activities;
   c. cannot be used for consultancy costs associated with writing national funding requests for Global Fund financing\textsuperscript{203};
   d. cannot be used to finance international travels;
   e. cannot be used to purchase a vehicle, nor for long-term lease of a vehicle;
   f. cannot be used for CCM member per diems, except for CCM members representing Civil Society; and
   g. cannot be used to cover travel costs for CCM members, with the exception of Civil Society representatives.

20. The costs included in the Costed Work Plan are reviewed and validated by the Global Fund to determine their eligibility, reasonableness, and consistency with local prices, salaries, operating costs, and historical reports. The CCM Hub Manager approves the Costed Work Plan.

**CCM Funding Agreement**

21. CCM Funding Agreements are signed by the Global Fund, the CCM and, when applicable, a third entity acting as CCM Funding Recipient.

22. The CCM must nominate two signatory authorities for the signature of a CCM Funding Agreement: CCM Chair or CCM Vice-chair\textsuperscript{204} and a Civil Society representative.

23. In cases where the CCM is not a legally incorporated body, a CCM Funding Recipient is designated by the CCM to be responsible for receiving and managing CCM Funding on behalf of the CCM. The Global Fund verifies the legal capacity of this entity to receive and manage funds with the support of the Local Fund Agent (LFA).

\textsuperscript{202} While these activities will depend heavily on country context, they may include activities such as strengthening oversight of sustainability or transition work-plans, oversight of compliance with co-financing commitments, support for implementation of recommendations from Transition Readiness assessments or other comparable analyses, etc. More information on the Global Fund’s overall approach to sustainability and transition can be found in the Global Fund’s STC Guidance Note.

\textsuperscript{203} Country Dialogue consultations can however be supported through CCM Funding.

\textsuperscript{204} A different CCM member, duly appointed and acting on behalf of the CCM Chair or CCM Vice Chair, could sign the agreement.
24. All CCM and CCM Funding Recipient signatory authorities are subject to the Global Fund’s anti-terrorism screening.

25. The CCM Hub Manager is the Global Fund’s signatory authority for CCM Funding Agreements, as well as related amendments and disbursement decisions.

26. A CCM Funding Agreement must incorporate:
   a. Agreement Face Sheet
   b. Costed Work Plan for Year
   c. CCM Funding Performance Framework for Year
   d. Standard Terms and Conditions.

27. A CCM Funding Agreement enters into force once it has been signed by all the necessary signatory authorities, as detailed in the CCM Funding Agreement Face Sheet.

28. For transparency purposes, the Global Fund reserves the right to publish the CCM Funding Agreements, including the CCM Funding Performance Frameworks and the Costed Work Plans, on its website.

29. Amendments to CCM Funding Agreements must be done through Implementation Letters or Notifications Letters. They become effective after the signature and written acknowledgment of the modification by the signatory authorities, as detailed in the CCM Funding Agreement Face Sheet.

**Disburse & Report on CCM Funding**

**Disbursement Decision**

30. CCM Funding disbursement decisions are taken annually and approved by the CCM Hub Manager. The first disbursement is processed after the CCM Funding Agreement is signed. The subsequent disbursements are conditioned upon reporting on expenditure and achievement of the performance objectives set forth in the Performance Framework. Late reporting may result in a reduction in the subsequent disbursement decision, which the Global Fund reserves the right to apply.

31. The Global Fund deducts from the disbursement decisions the in-country cash balance, as determined by the Global Fund in its sole discretion, from the preceding CCM Funding Agreement.

32. Failure to meet the performance objectives reduces the subsequent disbursement decisions, with performance-based reductions up to 10% per indicator targeting CCM’s performance.

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205 The signature of CCM Funding Agreements, related disbursements and amendments is regulated by the Global Fund Signature Authority Procedure.
206 Costed Work Plans for the succeeding funding years are approved annually. No Implementation Letters are required,
207 CCM Funding Performance Frameworks for the succeeding funding years are approved annually. No Implementation Letters are required.
and up to 5% per indicator targeting CCM Secretariat’s performance\(^{208}\). The Global Fund determines the rate to be applied based on the CCM’s historic and overall performance, absorption rate and Funding Envelope.

**Reporting Requirements**

33. Notwithstanding the involvement of the CCM Secretariat, and the CCM Funding Recipient when applicable, CCMs are solely responsible and accountable for the implementation of their Costed Work Plans, and reporting obligations set forth in this OPN.

34. CCMs must document all activities and operational costs incurred during a funding period, in accordance with the [Standard Terms and Conditions](#) of the CCM Funding Agreements.

35. No later than one month after the completion of each funding year, CCMs must report to the Global Fund their expenditure and achievement of the performance objectives set forth in their Performance Framework, using [Global Fund’s templates](#).

36. The unspent funds at the end of a funding year may be reprogrammed and included in the Costed Work Plan for the succeeding funding year within the same funding period and for the implementation of CCM activities without seeking Global Fund’s written approval. The in-country cash balance at the end of a three-year funding period is deducted from disbursements for the next CCM Funding Agreement, or, in the absence of a new CCM Funding Agreement, returned to the Global Fund.

37. The Global Fund reserves the right to request at the end of each funding year, based on in-country risk level, financial review, audit, or any other action that it deems necessary to ensure CCM’s accountability, as set forth in the [Standard Terms and Conditions of the CCM Funding Agreement](#), through an external agent or LFA.

38. Expenses incurred must be verified at the end of each 3-year funding period by an external audit. The Global Fund reserves the right to request at any time a financial review, audit, or any other action that it deems necessary to ensure CCMs’ accountability, as set forth in the [Standard Terms and Conditions of the CCM Funding Agreement](#), through an external agent or LFA.

39. A recovery process (as defined in the Global Fund Budgeting Guidelines) is triggered when the Global Fund determines that expenditures incurred by the CCM, or when applicable by the CCM Funding Recipient, were not compliant with the relevant CCM Funding Agreement, this OPN or the Global Fund Budgeting Guidelines.

40. Cash refund of the full recoverable amount in the currency in which the funds were disbursed is the default mode of resolution for all recovery cases. Where the recovery and other possible leverages have failed to resolve a recovery matter, the Global Fund’s Recoveries Committee

\(^{208}\) The base used to apply the performance-based reductions is the Funding Envelope.
may approve, without limitation, a reduction to a CCM’s annual Funding Envelope by an amount equal to double the outstanding recoverable amount.209

Close CCM Funding Agreement

Types of closure

41. There are three types of closure of CCM Funding Agreement with differentiated requirements.

42. **Closure due to end of CCM Funding:** CCM Funding stops being allocated to the CCM.

43. **Closure due to a change of the CCM Funding Recipient:** the CCM decides to transfer the CCM Funding Recipient role from one entity to another. CCM Funding is continued through a new CCM Funding Agreement signed with the newly appointed CCM Funding Recipient.

44. For the two above-mentioned cases, the CCM must complete the following requirements to close the CCM Funding Agreement:
   a. Report on the last year of expenditure and achievement of performance targets;
   b. Transfer the in-country cash balance to the new Funding Recipient, or returning to the Global Fund;
   c. Clear outstanding commitments and refund to the Global Fund non-eligible expenses;
   d. Account for and transfer or dispose non-cash assets: the outgoing entity (CCM or CCM Funding Recipient) must complete an inventory of non-cash assets procured with CCM Funding. In accordance with the Standard Terms and Conditions of the CCM Funding Agreements, these assets must be transferred to the new CCM Funding Recipient or, in case of termination of CCM Funding, to national entities. The transfer must follow the necessary legal processes of the country, be endorsed by CCM members and approved in writing by the Global Fund.

45. **Closure due to end of a three-year funding period:** CCM Funding is continued through a new CCM Funding Agreement signed by the same parties. CCMs must in this case:
   a. Report on last year expenditure and achievement of performance targets; and
   b. Clear outstanding commitments and refund of non-eligible expenses.

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209 Refer to the Recovery Process set forth in the Global Fund Guidelines for Grant Budgeting.
210 The report must be audited and, if applicable, subject to LFA verification, as described in Paragraph 38.
211 The choice between the two options depends on CCM Funding Recipient’s regulations, and timeline for the verification of closing cash balance.
212 The report must be audited and, if applicable, subject to LFA verification, as described in Paragraph 38.
Annex 1. Definition of Terms

1. **Country Coordinating Mechanisms (CCM):** mechanisms for public-private partnership in the coordination with disease programs at country and/or regional level, as set forth in Paragraphs 7 to 12 of the [*CCM Policy including Principles and Requirements*](#).

2. **CCM Secretariat.** The CCM Secretariat performs day-to-day operations on behalf of the CCM, supports the implementation of the CCM’s decisions, facilitates the participation of all CCM members in CCM meetings and decision-making processes and helps the CCM achieve its strategic mandate. The CCM Secretariat’s duties include extensive coordination, meeting logistics and oversight visits, and communication between the Global Fund and in-country (or regional, as the case may be) stakeholders. To limit actual and potential conflicts of interest, the CCM Secretariat shall be independent from Principal Recipients (PRs), Sub-Recipient (SRs), and other implementing entities.

3. **CCM Funding Recipient:** The CCM Funding Recipient is a legally incorporated body with the authority to enter into legally binding agreements with third parties. When a CCM does not comply with these requirements, it designates a third entity responsible for receiving and managing funds on its behalf. As set forth in the [*Standard Terms and Conditions of CCM Funding Agreements*](#), the CCM Funding Recipient shall ensure that all funds are prudently managed and shall ensure all the necessary actions to ensure that the funds are used solely to pay for activities in accordance with the agreed Costed Work Plan.
Private Sector Co-Payment Mechanism for ACTs

Issued on: 16 December 2013

Purpose: To provide guidance on operationalizing the establishment of a Private Sector Co-payment Mechanism for ACTs in Global Fund Grants

OVERALL OBJECTIVES

1. The Private Sector Co-payment Mechanism ("Co-payment Mechanism") is a financing model to expand access to artemisinin-based combination therapies (ACTs) in the private sector, particularly in countries where the private retail sector is a major provider of malaria case management. It is based on the results of the Affordable Medicines Facility-malaria (AMFm) Phase 1 Independent Evaluation, which showed that the combination of price negotiations, a subsidy provided directly to manufacturers, and large-scale mass communications led to rapid and large changes in price, availability, and market share of quality-assured ACTs.

2. This OPN provides guidance to relevant parties (including CCMs, PRs, and the Global Fund Secretariat) on how to establish such a mechanism for those countries that choose to allocate Global Fund funding to the Co-payment Mechanism in new malaria grants or to integrate the Co-payment Mechanism into existing malaria grants supported by the Global Fund. Annexes 1 and 2 describe the process for integrating the Co-payment Mechanism into existing and new malaria grants, respectively.

POLICY AND PRINCIPLES

Co-payment Mechanism Components

3. The Co-payment Mechanism can be used for quality-assured ACTs only (as described in the first footnote of this OPN) and is limited to private for-profit and private not-for-profit first-line buyers. Public sector entities will continue accessing ACTs through traditional grant procurement channels.

4. The Co-payment Mechanism model is comprised of three elements:

   a. Price negotiations: Regular negotiations by the Global Fund Sourcing Department at the global-level with manufacturers to establish maximum allowable ex-factory prices of quality-assured ACTs procured using Global Fund grant resources;

   b. Subsidy provided directly to manufacturers: Further reductions of the price paid by first-line buyers through a partial payment made directly to manufacturers using grant funds for the procurement of ACTs (a "co-payment"); and

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213 An assessment by the World Health Organization of the feasibility to include diagnostic testing in the Co-payment Mechanism has been submitted to the Global Fund, and some countries have requested funding for scaling up diagnostic testing in the private sector. The results of this study will help shape operationalization of the co-payment mechanism for diagnostic testing, in addition to any early experience of these countries. Based on this work, this OPN may be amended for the inclusion of co-payments for malaria diagnostic tests or a separate OPN will be developed subsequently.

214 First-line buyers for the Co-payment Mechanism include international, regional and national buyers/importers from the private not-for-profit and for-profit sectors who purchase ACTs directly from the manufacturer.

215 A partial payment is made by the Global Fund directly to manufacturers on behalf of eligible first-line buyers to cover a proportion of the ex-factory price of quality-assured ACTs plus freight and insurance. The first-line buyer is responsible for any remaining costs of the ACTs not covered by the co-payment plus all direct in-country supply-chain costs, including distribution and storage.
c. **Supporting interventions:** Country-level activities funded by Global Fund grants or the national government to facilitate the safe and effective scale-up of access to ACTs in the private sector. The following activities represent the minimum bundle of activities identified by the AMFM Phase 1 Independent Evaluation as essential to achieve the greatest impact.

- Mass communication campaigns to increase public awareness about the co-payment and important attributes of co-paid products. These messages may complement existing campaigns to improve malaria case management and the use of ACTs in the public and private sectors.
- Private sector provider training.
- Periodic (e.g. quarterly) monitoring of retail price and availability implemented by an independent entity in order to guide management decisions on implementation of the Co-payment Mechanism by the PR and Co-payment Task Force.\(^{216}\)
- Policy and/or regulatory changes at the country level (e.g. banning sales and importation of artemisinin monotherapies, granting waivers for import duties and taxes).

### Accessing Funding for the Co-payment Mechanism

5. The decision by the CCM to include the Co-payment Mechanism in a funding request to the Global Fund or to allocate funding to the Co-payment Mechanism in their existing Global Fund-supported malaria programs\(^{217}\) should be informed by the country’s relevant national malaria control strategy, which defines the role of the private sector in achieving a country’s malaria case management targets.\(^{218}\)

6. The review and approval of a request for funding the Co-payment Mechanism will be in accordance with the access to funding process. Discussions about funding for the Co-payment Mechanism should be done through the country dialogue process. Once a decision is made, the Concept Note should indicate relevant parameters and design factors to implement the Co-payment Mechanism in a given context,\(^{219}\) including but not limited to, key supporting interventions (described above, to ensure maximum impact of the subsidy), the role of diagnostic testing based on national guidelines and regulatory policies.

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\(^{216}\) Standard, validated methodologies exist that permit a systematic approach to data collection and analysis without a hefty price tag for monitoring availability and price at the retail level; examples of the tracking survey approach used across AMFM Phase 1 pilots are available.

\(^{217}\) Countries which participated in AMFM Phase 1 will be able to allocate funding to the Co-payment Mechanism through existing Global Fund grants through reprogramming of existing malaria grants, including at the time of Grant renewal.

\(^{218}\) The Co-payment Mechanism should be implemented in the context of a country’s long-term strategy to increase access to basic primary health services, given that all patients, whether presenting with fever in the public, private and/or community sectors, should be able to receive a diagnostic test and appropriate treatment, and be captured by national reporting systems. While the availability of diagnostic testing in the private sector remains low and there are limited mechanisms for private retailers to report cases through national malaria control systems, the Co-payment Mechanism provides a proven mechanism to expand access to quality-assured malaria treatment through the private sector in the immediate/short-term.

\(^{219}\) Please see the [Technical Brief on Malaria Case Management in the Private Sector](#).
7. **Co-payment Task Force:** The PR will be required to establish an operational Co-payment Task Force responsible for providing guidance (i.e., including minimizing conflicts of interest and monitoring contracting), supporting the PR on the implementation of the Co-payment Mechanism (e.g., first-line buyer conditions of participation, reviewing and approving proposed co-payment approvals and taking action on the results of the retail price and availability surveys and first-line buyer spot checks), and linking with the country PSM coordination mechanism. The Task Force should be comprised of relevant stakeholders, including but not limited to: government, private sector first-line buyers, professional societies, regulatory bodies, civil society organizations/non-governmental organizations and academia. The CCM (through its Oversight committee) will provide oversight of the implementation of the Co-payment Mechanism, as per its mandate.

8. **Principal Recipient:** The CCM may consider appointing a separate, public or private sector PR to be responsible for the Co-payment Mechanism. The PR must have the capacity to implement the activities described in Table 1 as well as meet the relevant minimum standards, in close collaboration with the CCM and private sector.

9. **First-line Buyer Agreements:** With the support of the Co-payment Task Force, the PR will maintain First-Line Buyer Agreements with all eligible first-line buyers. These non-negotiable agreements, pursuant to a standard form provided by the Global Fund, are signed by the PR and first-line buyer and establish the terms and conditions with which first-line buyers must comply in order to participate in the Co-payment Mechanism. The PR, in consultation with the Co-payment Task Force, sets the conditions of participation, in line with standards utilized during AMFm Phase 1. At a minimum, first-line buyers should be from the private for-profit or private not-for-profit sector, with all regulatory licenses, waivers, or other governmental approvals, if required and as relevant, to import, sell, market, store and distribute ACTs in the host country; however the PR and Co-payment Task Force, may opt to prioritize first-line buyers based on, for example, distribution networks, supply capacities, or other characteristics.

10. First-line buyers will not be treated as sub-recipients under the Grant Agreement. However, the First Line Buyer Agreement will contain legal obligations under which first line buyers will be required to, among other things, appropriately purchase and re-sell/distribute

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220 Countries that established operational AMFm Task Forces in AMFm Phase 1 may wish to build on these existing bodies to fulfil these functions.
products procured under the Co-payment Mechanism and document such activities, and the first line buyer will be responsible to the PR should they fail to do so.

11. The PR will be responsible, under the Grant Agreement between the PR and the Global Fund, for compliance by the first line buyer with its obligations under the First Line Buyer Agreement, as if they were its obligations. The PR shall also be required to conduct periodic spot checks of first-line buyers for compliance with their obligations. Special Terms and Conditions will be added to the PR’s Grant Agreement to reflect this arrangement. On behalf of the Secretariat, the LFA will verify compliance of a smaller sample of first-line buyers on an annual basis.

FINANCING ARRANGEMENTS

Figure 2. Co-payment Mechanism Funding and Commodity Flow

12. **Disbursement.** Approved funding for the Co-payment Mechanism will not be released to the PR but will be managed by the Global Fund Secretariat through a pooled procurement sub-account and based on the Co-payment Mechanism Implementation Arrangements. The Co-payment Mechanism budget will be disbursed to the pooled procurement account in line with the grant disbursement schedule, and no co-payment commitment for any ACT order can be made until sufficient funding has been transferred. The full budget for co-payments (e.g., for 12 months if on an annual disbursement schedule) will be disbursed (i.e., no partial cash transfer).

13. **Co-payment Approval and Invoicing System.** The Global Fund Sourcing Department will manage the co-payment approval and invoicing system.

   a. **Approvals:** Using an automated and transparent process, the Global Fund Sourcing Department will prepare a periodic (e.g., quarterly) proposal for co-payment allocation against requests for co-payment submitted by manufacturers on behalf of eligible first-line buyers (according to the conditions of participation set by the PR and described in the Implementation Arrangements plan) for all grants which have allocated resources to the Co-payment Mechanism. The “demand-shaping levers”\(^{221}\) (set by Co-payment Task Force) and first-line buyer capacity assessments described in the Co-payment Mechanism Implementation Arrangements will be built into the allocation system and can be updated over the life of the grant, as needed. PR approval of the quarterly allocation will be built into workflow management before the co-payment commitment is processed through the GFS-based Co-payment Approval and Invoicing System.

\(^{221}\) Demand shaping levers are order prioritization criteria used to determine which requests for co-payment are to be approved in the event that demand for co-payment exceeds available financing. Some examples of demand shaping levers applied during AMFm Phase 1 can be found in Annex 3 of this OPN.
b. **Invoices:** Manufacturers will submit invoices to the Global Fund, along with acceptable proof of delivery. These will be reviewed and approved by the Co-payment Mechanism focal point at the Global Fund Secretariat.

c. **Public Reporting/Tracking of Co-payment:** Each round of co-payment allocation will be automatically posted on a public Web Report. This Web Report will include all relevant information (e.g., prices, co-payment, products and quantities procured and delivered, manufacturers, first-line buyers) needed for monitoring co-payment approval. All co-payment approvals and invoices will be tagged with the relevant grant number and will directly interface with the Global Fund’s Price and Quality Reporting mechanism (PQR) and the relevant finance and grant management information systems.

14. **Reprogramming.** The PR (with CCM endorsement) may reprogram funding to and from the ring-fenced Co-payment Mechanism funding for a particular grant, once approved, in line with grant management processes and policies. Reprogramming from the ring-fenced Co-payment Mechanism funding is limited to funds which have not already been committed to ACT co-payments.

**PROCUREMENT AND SUPPLY MANAGEMENT ARRANGEMENTS**

15. Through the Co-payment Mechanism, grant funds will be used to make a co-payment towards procurement which is carried out by private sector first-line buyers; all direct in-country supply-chain costs, including distribution and storage, will be borne by the private sector, not by the Global Fund grant.

16. The PR will complete components of the Implementation Assessment Tool describing the following elements: list of ACTs eligible for co-payment, conditions of participation for first-line buyers, first-line buyer assessment, list of first line buyers if available, subsidy level and demand levers (described below). The PR will complete the Modular tool detailing the quantification for ACTs eligible for copayment, the co-payment subsidies budget per year (i.e. copayments as well as freight and insurance) and all costs related to product management that will be funded by the grant.

a. **First-line Buyer Assessment:** The PR will describe a maximum annual allocation of co-paid ACTs for each first-line buyer, based on an assessment of distribution network and capacity by the PR, with guidance by the Co-payment Task Force. The proposed allocation across first-line buyers will be approved by the Country Team (LFA review, as needed), and revisited every 6 months in light of requests for co-payment received, new first-line buyers registered, or the findings from first-line buyer spot checks and retail price tracking surveys.

b. **ACT Quantification:** Estimating the total market for antimalarials in the private sector can be a challenge, due to the lack of available data and the fact that the private sector market is based on demand. The PR should estimate the ACT needs based on the country’s overall case management strategy or link to any national gap analysis.

c. **Demand Levers:** The Co-payment Task Force will establish the parameters for the automated system to allocate co-payment managed by the Global Fund Secretariat, particularly in the event that demand for co-payment is greater than the available funding.\(^{222}\)

17. **Procurement:** Each first-line buyer will procure ACTs from eligible manufacturers with signed agreements with the Global Fund at or below the maximum prices negotiated by the Global Fund Sourcing Department. The first-line buyer is responsible for clearance/import duties and all storage and in-country distribution costs. Through the Co-payment Mechanism, grant funds for co-payment and transport to the first port of entry are paid

\(^{222}\) Please see Annex 3 for examples of possible demand levers.
directly to the manufacturer after confirmation of delivery.

18. **Quality Assurance:** The Global Fund’s Quality Assurance Policy will apply to procurement, pre-shipment inspection and quality control testing of ACTs purchases through the Co-payment Mechanism. PRs will be responsible for allocating resources for post-shipment inspection and quality monitoring for products co-paid on behalf of private sector first-line buyers.

**REPORTING ARRANGEMENTS**

**Figure 3. Co-payment Mechanism Data and Reporting Arrangements**

19. In addition to monitoring progress against the National Malaria Strategy in the modular tool, which may include tracking the capacity of the health system to report out on malaria testing and treatment, private sector grants with allocations to the Co-payment Mechanism will be required to report out on the following:

a. **Co-payment commitments and deliveries:** The Secretariat will make all relevant information (e.g., prices, co-payment, products and quantities procured and delivered, manufacturers, first-line buyers) available via a publicly available Web Report.

b. **Implementation of key supporting interventions:** The price and availability surveys will provide visibility regarding the retail level, and findings from these reports will be submitted by the PR to the CCM, Co-payment Task Force and Secretariat. If the implementation of key supporting interventions (namely, mass communication campaign) is not well synchronized with the arrival in country of co-paid ACTs, a decision by the Co-payment Task Force will need to be taken regarding whether to continue co-payment approvals in the absence of critical supporting interventions.

c. **Programmatic Reviews and Thematic Evaluations:** As the Co-payment Mechanism will be part of the National Strategy, this will be assessed during periodic Malaria Program Reviews. In addition, a country may decide to implement a special “thematic evaluation” of the Co-payment Mechanism after two years to inform decisions regarding continuation of the investment. Findings from national-level household surveys (DHS, MIS, MICS, ACTwatch) can be considered.

**Table 1:** Summary of Co-payment Mechanism Roles and Responsibilities

**Annex 1:** Process for integrating the Private Sector Co-payment Mechanism into existing malaria grants
Annex 2: Process for integrating and implementation of the Private Sector Co-payment Mechanism in new grants

Annex 3: Description of examples of “demand levers” applied by the Secretariat at the end of AMFm Phase 1
### RESPONSIBILITIES AND PROCESSES

#### Table 1: Summary of Co-payment Mechanism Roles and Responsibilities

<table>
<thead>
<tr>
<th>Actor</th>
<th>Responsibility</th>
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| **National Government** | • Develop National Malaria Control Strategy, defining role of the private sector in malaria case management  
• Provide supportive policy environment for the Co-payment Mechanism (e.g., waivers on import duties/taxes) |
| **Country Coordinating Mechanism** | • Include the Co-payment Mechanism in Concept Note (or allocate funding to the Co-payment Mechanism in the existing malaria grants) and select implementing PR  
• Ensures that the CCM Oversight Committee has included ‘Co-payment’ related activities in its scope of oversight |
| **Co-payment Task Force** | • Advise and provide guidance to PR on the implementation of the Co-Payment Mechanism (including PR’s review and approval of results of each round of co-payment allocation) and minimize potential conflicts of interest  
• With PR, establish and periodically review first-line buyer conditions of participation, proposed allocation across first-line buyers and demand shaping levers  
• Monitor co-payment mechanism contracting arrangements  
• Take action on the results of retail price and availability surveys and first-line buyer spot checks as necessary  
• Link with the country PSM coordination mechanism |
| **Principal Recipient** | • Assess first-line buyer capacity (storage, distribution network/coverage) to inform proposed allocation across first-line buyers with guidance from the Co-payment Task Force  
• Maintain and oversee First-line Buyer Agreements  
• Conduct periodic spot checks of first-line buyers for compliance with terms and conditions of the First-line Buyer Agreement  
• Manage implementation of the grant that includes the Co-payment Mechanism, including execution of the approved Implementation Arrangements plan and supporting interventions  
• Ensure that grant funds are used solely for program purposes and properly managed in implementing the Co-payment Mechanism  
• With guidance from Co-payment Task Force, review, validate and approve results of each round of co-payment allocations proposed by the Secretariat in accordance with demand levers and first-line buyer assessments |
| **First-line Buyer** | • Procure and distribute co-paid ACTs in accordance with terms and conditions of First-line Buyer Agreement |
| **LFA** | • As requested by the Secretariat, verify compliance of a sample of first line buyers with terms and conditions of the First-line Buyer Agreement on an annual basis |
| **Global Fund Secretariat** | **Country Team:**  
• Lead Global Fund engagement with Co-payment Mechanism-implementing country throughout all stages of grant cycle  
• Manage LFA engagement for First-Line Buyer spot checks commissioned by the Global Fund  
• Review first-line buyer assessments and co-payment allocations for compliance with the Co-payment Implementation Arrangements Plan [223] and potential conflicts of interest  

**Sourcing Department:**  
• Own and protect ACTm™ logo (as its use will be licensed to manufacturers and appropriate entities responsible for marketing campaigns and communication activities in countries making use of the Co-payment Mechanism) |

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[223] The PR will describe the list of ACTs eligible for co-payment, conditions of participation for first-line buyers, first-line buyer assessment, list of first line buyers if available, subsidy level and demand levers in the Co-payment Implementation Arrangements Plan.
20. The integration of funding for the Co-payment Mechanism into Global Fund grants requires the CCM and PR to take on more responsibility for the management of co-payment funding (relative to AMFm Phase 1). The CCM and PR are responsible for allocating resources (quantification, budgeting, rationing), exercising oversight of first-line buyers (including management of conflicts of interest), and commissioning quarterly price and availability surveys. These modifications imply some changes in the level of risks associated with the Co-payment Mechanism.
### Annex 1: Process for integrating the Private Sector Co-payment Mechanism into existing malaria grants

**References:** OPN on Private Sector Co-payment Mechanism for ACTs  
OPN on Grant Revisions

<table>
<thead>
<tr>
<th>Seq. No</th>
<th>Actors</th>
<th>Process Description</th>
<th>Relevant Links</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decision to finance and implement Private Sector Co-payment Mechanism for ACTs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>CCM and PR (consulting with the CT)</td>
<td>Consider whether the Private Sector Co-payment Mechanism for ACTs is appropriate in light of the national malaria control strategy and the role of the private retail sector in malaria case management.</td>
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<tr>
<td>2</td>
<td>CCM (consulting with the CT)</td>
<td>Identify PR to be responsible for the co-payment mechanism.</td>
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<td>3</td>
<td>CCM/PR</td>
<td>In consultation with the Secretariat, initiate a reprogramming process as described in the OPN on Grant Revisions. Submit all relevant documents (i.e. workplan and budget) outlining details required for the private sector co-payment component (i.e. list of ACTs eligible for co-payment, subsidy level and demand shaping levers, budget for co-payment and key supporting interventions). Initiate assessment of eligible first-line buyers.</td>
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<td>4</td>
<td>LFA</td>
<td>As relevant, review documents and submit recommendations to the CT within the required deadline.</td>
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<td>5</td>
<td>CT with support from malaria advisor and PR</td>
<td>Agree on revisions to documents, as necessary, to ensure proposed implementation arrangements for the private sector co-payment mechanism are consistent with guidance and procedures specified in this OPN.</td>
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<td><strong>GAC Review</strong></td>
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<tr>
<td>6</td>
<td>GAC</td>
<td>Review the proposal and make a recommendation. A request may be sent to the TRP for review if determined material by the GAC (see definition of materiality in the OPN on Grant Revisions).</td>
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<tr>
<td><strong>Grant implementation</strong></td>
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<tr>
<td>7</td>
<td>Co-payment Task Force and PR</td>
<td>Finalize ACT quantification, first-line buyer conditions of participation, annual procurement expected from private sector first-line buyers, detailed budget for co-payment (including freight and insurance).</td>
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<td>8</td>
<td>PR</td>
<td>Complete assessment of eligible first-line buyers.</td>
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<tr>
<td>9</td>
<td>Co-payment Task Force and PR</td>
<td>Upon completion of first-line buyer assessment and based on the findings, communicate to the Secretariat the proposed annual co-payment allocation split across first-line buyers. (This may be periodically updated and resubmitted for consideration in light of requests for co-payment received, new first-line buyers registered, or the findings from first-line buyer spot checks and retail price tracking surveys.)</td>
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224 For the three grant agreements incorporating the Private Sector Co-payment Mechanism signed prior to the issuance of this OPN, “Identify Co-payment Task Force” and “Initiate assessment of first-line buyers” (per Step 3) are expected to be the only pre-grant implementation steps that will still need to be undertaken upon issuance of this OPN. For these grants, to avoid a potential interruption in supplies of co-paid ACTs, PRs may request the Secretariat to continue to manage the co-payment allocations on their behalf for a three month grace period while steps 7 to 11 are completed; in this instance, the PR will agree that one quarter of the annual allocation be transferred to the pooled procurement account for co-payments.
<table>
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<tr>
<th></th>
<th><strong>CT and Sourcing Department</strong></th>
<th><strong>Sourcing Department</strong></th>
<th><strong>PR</strong></th>
<th><strong>Sourcing Department</strong></th>
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<tr>
<td>10</td>
<td>Review and approve proposed allocation across first-line buyers (with LFA review, as needed). Complete this task when/if proposed allocation across first-line buyers is updated.</td>
<td>Propose co-payment allocation across first-line buyers against requests received for co-payments in accordance with demand levers and submit to PR for review and approval.</td>
<td>Ensure that the Secretariat has received copies of signed First-Line Buyer Agreements for all participating first-line buyers and implement key supporting interventions, including price and availability surveys.</td>
<td>Process co-payment approvals, invoices and update Web Report in public domain.</td>
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<tr>
<td>11</td>
<td></td>
<td>Propose co-payment allocation across first-line buyers against requests received for co-payments in accordance with demand levers and submit to PR for review and approval.</td>
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<tr>
<td>12</td>
<td></td>
<td>Review, validate and approve results of each round of co-payment allocation proposed by the Secretariat in accordance with demand levers and first-line buyer assessments.</td>
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<td>13</td>
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</table>
# Annex 2: Process for integrating and implementation of the Private Sector Co-payment Mechanism in new grants

**References:**
- OPN on Private Sector Co-payment Mechanism for ACTs
- Information Note
- Concept Note, Guidelines and Annexes
- RBM AMFm Lessons Learned
- AMFm Phase 1 Independent Evaluation
- New Funding Model Manual

<table>
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<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>CCM (consulting with the CT)</td>
<td>Consider whether the Private Sector Co-payment Mechanism for ACTs is appropriate in light of the national malaria control strategy and the role of the private retail sector in malaria case management.</td>
<td>Information Note, Concept Note Guidance, RBM AMFm Lessons Learned, AMFm Phase 1 Independent Evaluation</td>
</tr>
<tr>
<td><strong>Concept Note Development</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>CCM (consulting with the CT)</td>
<td>Propose PR.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>CCM (in consultation with PR and NMCF/MOH)</td>
<td>Identify Co-payment Task Force and establish a list of ACTs eligible for co-payment, subsidy level and demand shaping levers, define a high-level budget for co-payment and propose key private sector co-payment mechanism supporting interventions (including summary budget or confirmation that the supporting interventions are funded from another source).</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>CCM Writing Group Technical Partners CT with support from technical advisors</td>
<td>After a participatory country dialogue, CCMs and other in-country partners translate a country’s national strategic plan and programmatic/financial gap analysis into a targeted request for funding from the Global Fund using the relevant concept note template, including details for the Private Sector Co-payment Mechanism. The CCM may task a writing group with drafting the concept note, culminating in the preparation of the concept note and incorporating input of various stakeholders. This step is not prescribed by the Global Fund and may vary by country.</td>
<td>Information notes, NFM manual, Application materials</td>
</tr>
<tr>
<td>5</td>
<td>PR</td>
<td>Initiate assessment of eligible first-line buyers.</td>
<td></td>
</tr>
<tr>
<td><strong>Assess Implementers’ Capacities and Systems</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>CT</td>
<td>As soon as the possible PRs have been identified, and based on the type (new or repeat PR), role of PR and available information related to the PR (with emphasis on the PR’s capacity to implement the Private Sector Co-payment Mechanism), CT determines the scope of the required capacity assessment including focus of the LFA review as relevant.</td>
<td>Capacity Assessment Tool, Capacity Assessment Guidelines</td>
</tr>
<tr>
<td>7</td>
<td>LFA</td>
<td>As relevant, undertakes assessment of capabilities and submits recommendations to the Country Team within the required deadline.</td>
<td></td>
</tr>
<tr>
<td>Page 163 of 443</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Secretariat Review of Concept Note |
|---|---|
| 8 | CT | Completes and finalizes the assessment and determines the required measures to address identified capacity gaps and risks. |

| Technical Review of the Concept Note |
|---|---|
| 9 | CT with support from malaria advisor Access to Funding | The country team screens the Concept Notes for completeness as well as for issues which could present challenges related to the implementation of the Private Sector Co-payment Mechanism. In some cases, a Concept Note may be sent back to countries for further development before submission and technical review. |

| GAC Review (prior to grant-making) |
|---|---|
| 10 | CTs and technical advisors | Country Teams prepare their program scorecard in advance of the TRP and GAC meeting. They also prepare a presentation, and address questions and provide clarifications during the TRP review meeting (tbc). |

| Grant making |
|---|---|
| 11 | TRP | The TRP independently reviews all funding requests for strategic focus and technical soundness, including the rationale for inclusion of the Private Sector Co-payment mechanism. It makes recommendations to the GAC on the award of available incentive funding, and what unfunded quality demand should be added to the Register of Unfunded Quality Demand. It also makes technical recommendations on what needs to be clarified or adjusted during grant-making or grant implementation. |

| Grant approval |
|---|---|
| 12 | GAC | After the TRP review, the Secretariat’s Grant Approvals Committee (GAC) reviews the Concept Note and recommends the upper ceiling and related parameters for grant making. |

| Grant implementation |
|---|---|
| 13 | Co-payment Task Force and PR | Finalize ACT quantification, first-line buyer conditions of participation, annual procurement expected from private sector first-line buyers, detailed budget for co-payment (including freight and insurance). |
| 14 | PR | Complete assessment of eligible first-line buyers. |
| 15 | Co-payment Task Force and PR | Upon completion of first-line buyer assessment and based on the findings, communicate to the Secretariat the proposed annual co-payment allocation split across first-line buyers. (This may be periodically updated and resubmitted for consideration in light of requests for co-payment received, new first-line buyers registered, or the findings from first-line buyer spot checks and retail price tracking surveys.) |
| 16 | CT and Sourcing Department | Review and approve proposed allocation across first-line buyers (with LFA review, as needed). |

| The GAC reviews the outcomes of the grant making stage and decides whether to recommend the proposed grant for Board approval. |
|---|---|
| 17 | GAC | | |

| Board approves the grant though an electronic report |
|---|---|
| 18 | Board | | |

| Ensure that the Secretariat has received copies of signed First-Line Buyer Agreements for all participating first-line buyers and implement key supporting interventions, including price and availability surveys |
|---|---|
| 17 | PR | | |

<p>| When updated, review and approve proposed allocation across first- |
|---|---|
| 18 | CT and Sourcing | | |</p>
<table>
<thead>
<tr>
<th></th>
<th>Department</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>Sourcing Department</td>
<td>Propose co-payment allocation across first-line buyers against requests received for co-payments in accordance with demand levers and submit to PR for review and approval.</td>
</tr>
<tr>
<td>20</td>
<td>PR (under oversight of Co-payment Task Force)</td>
<td>Review, validate and approve results of each round of co-payment allocation proposed by the Secretariat in accordance with demand levers and first-line buyer assessments.</td>
</tr>
<tr>
<td>21</td>
<td>Sourcing Department</td>
<td>Process co-payment approvals, invoices and update Web Report in public domain.</td>
</tr>
</tbody>
</table>
### Annex 3: Description of examples of “demand levers” applied by the Secretariat at the end of AMFm Phase 1

<table>
<thead>
<tr>
<th>Demand Lever</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Treatment price</strong></td>
<td>Manufacturers that offered the lowest treatment price (below ceiling or maximum price) were prioritized</td>
</tr>
<tr>
<td><strong>First-Line Buyer pipeline</strong></td>
<td>Co-payment approval priority was given to First-Line Buyers with fewer undelivered treatments in the pipeline</td>
</tr>
<tr>
<td><strong>Performance of manufacturers</strong></td>
<td>At least 75% delivered of past approved orders</td>
</tr>
<tr>
<td><strong>Delivery date</strong></td>
<td>Within 3 months of order approval</td>
</tr>
<tr>
<td><strong>Formulation/Pack Size</strong></td>
<td>Distribution in the following ratios:</td>
</tr>
<tr>
<td></td>
<td>• Treatment Band 1: 3.4%</td>
</tr>
<tr>
<td></td>
<td>• Treatment Band 2: 30.5%</td>
</tr>
<tr>
<td></td>
<td>• Treatment Band 3: 8.7%</td>
</tr>
<tr>
<td></td>
<td>• Treatment Band 4: 57.4%</td>
</tr>
<tr>
<td><strong>Transport by Sea vs. Air</strong></td>
<td>Only Sea shipments were approved</td>
</tr>
<tr>
<td><strong>First-line Buyer Procurement ceiling</strong></td>
<td>No First-Line Buyer was able to purchase more than 10% of the annual funding allocation</td>
</tr>
</tbody>
</table>
Co-Financing

**Issued on:** 31 March 2017  
**Issued by:** Strategic Information Department  
**Approved by:** Executive Grant Management Committee  
**Purpose:** To describe the operational policies and processes in the grant management lifecycle necessary to fulfill the Board’s requirements for ‘co-financing’.

### BACKGROUND AND OBJECTIVES

3. The Global Fund’s co-financing policy is set forth in the Global Fund’s Sustainability, Transition and Co-financing (STC) Policy; which is aimed at:

   1. Enabling long term sustainability of Global Fund supported programs and successful transitions from Global Fund financing; and

4. This Operational Policy Note (OPN) describes the key grant management processes through which to implement the co-financing policy for grants arising from the 2017-2019 allocation period onwards. The OPN also describes implications to grants in countries due to non-compliance with willingness to pay requirements under the 2014-2016 allocation period.

### KEY PRINCIPLES

1. The STC policy aims to strengthen the sustainability and impact of Global Fund supported programs through measures that include stimulating increased co-financing for the health sector, health systems, and for the three disease programs.

2. Co-financing, in the context of the Global Fund, pertains to domestic public resources and domestic private contributions that finance the health sector and the national response against HIV, tuberculosis and malaria. Domestic public resources include: government revenues, government borrowings, social health insurance, and debt relief proceeds (including Debt2Health arrangements with the Global Fund). With the exception of loans and debt relief, all other forms of international assistance, even when channelled through government budgets, are not considered as co-financing.

3. The operationalization of the co-financing policy and requirements is guided by the following principles:

   a. **Maximizing leveraging of domestic financing.** The overarching goal of country engagement on co-financing is to leverage additional domestic financing in line with...
overall health need, National Strategy Plan targets, and fiscal capacity of the country. While this OPN specifies minimum additional co-financing investments required to access the full Global Fund allocation across country income groups, the overall focus is to use provisions of the co-financing policy to maximize leveraging of domestic financing;

b. **Systematic assessment of co-financing, and implementation of the policy.** It is important to more systematically enforce implications of non-compliance with co-financing requirements, while at the same time providing maximum flexibility for Country Teams and the Secretariat to enforce such implications in a manner that minimizes negative consequences on grant performance and overall impact. This includes flexibility to enforce implications either via current grants or future allocations, taking into account relevant contextual factors;

c. **Tailoring requirements and differentiation.** Co-financing requirements are tailored along the development continuum according to income level, disease burden and other contextual factors to enable long-term sustainability and successful transitions of disease programs from Global Fund support. The Secretariat’s approach to engaging with countries and monitoring co-financing commitments is also differentiated to focus efforts on mitigating sustainability and transition risks;

d. **Alignment with existing in-country and Global Fund systems and processes.** Rather than establishing parallel processes, co-financing considerations should be aligned to country systems and processes, to the extent possible. For the Global Fund, the implementation of the co-financing policy is integrated with existing operational policies and processes throughout the grant lifecycle. Unless otherwise specified, the processes for implementing the co-financing policy shall follow the existing decision-making processes for access to funding and grant management;

e. **Clear communication of co-financing requirements and implications of non-compliance to key country stakeholders.** All communication on co-financing requirements and implications of non-realization of commitments should be addressed to key stakeholders beyond the Principal Recipient and Country Coordination Mechanism, including Ministry of Finance, the Ministry of Planning and other authorities, as relevant. In general, Country Teams should seek to communicate the implications of non-realization of commitments to the highest authorities to which the Global Fund Secretariat has access and with whom the Global Fund has an established relationship.

**POLICY**

**Scope and Applicability:**

6. All countries receiving an allocation from the Global Fund for a particular disease component must comply with the co-financing requirements to access the allocation, irrespective of whether the Principal Recipient is a governmental or non-governmental (including the private sector) entity.

7. Multi-country priorities (comprised solely of catalytic funding), non-CCM applicants and countries included in multi-country grants that are no longer eligible for a standalone Global Fund grant for the same disease component are exempt from co-financing requirements. However, countries included in multi-country grants composed of individual allocations must show that they comply with co-financing requirements, on a country by country basis.

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232 OPNs on Access to Funding, Grant-making and Approval, Grant Revisions, Annual Funding Decisions and Disbursements and Signature Authority Procedure as of date
Applicability of co-financing requirements for such countries is communicated through the Allocation Letter.

8. Co-financing requirements for accessing funds beyond country allocations\(^{233}\), will be subject to the rules governing the use of such funding, if applicable.

**Core Co-financing Requirements**

9. The STC Policy outlines two **core Co-Financing Requirements** that are prerequisites for countries to access the full allocation. These requirements serve to strengthen the overall financing for the health sector and the sustainability of HIV/AIDS, TB and/or malaria programs. Countries must demonstrate during the implementation period of grants arising from the allocation, the following:

   a. **Requirement-1**: Progressive government expenditure on health to meet national universal health coverage (UHC) goals; and

   b. **Requirement-2**: Increasing co-financing of Global Fund supported programs, focused on progressively taking up key costs of national disease plans.

**Requirement 1: Progressive government expenditure on health**

10. Governments should increase their health expenditure in accordance with recognized international declarations\(^{234}\) and national strategies. Specifically, applicants should demonstrate:

   a. For countries where government spending on health is less than 8%: this share will increase over the implementation period of grants arising from the allocation;

   b. For countries where government spending on health is equal to or greater than 8%: health expenditure will increase in line with government expenditure such that the current share is at least maintained, if not increased during the implementation period of grants arising from the allocation.

   c. For countries with high, ‘severe’ or ‘extreme’ disease burden\(^{235}\) for two or more disease components who have a low prioritization of government spending on health and/or low capacity for domestic revenue capture\(^{236}\): development a robust health financing strategy and incorporation of its provisions in national development frameworks (such as medium term expenditure frameworks) before the end of 2020.

**Requirement 2: Increasing co-financing of Global Fund supported programs**

11. During the implementation period of grants arising from the allocation, applicants should demonstrate increasing co-financing to progressively absorb costs of key program components such as human resources, procurement of essential drugs and commodities, programs that address human rights and gender related barriers and programs for key and vulnerable populations\(^{237}\).

12. In line with fiscal capacity and health system capabilities, countries should ensure co-financing for priority interventions of the National Strategic Plan to reduce over-dependence on external resources and pave the way for longer term sustainability of Global Fund supported programs.

**Co-Financing Incentive**

13. In order to encourage additional domestic investments, a co-financing incentive is included as part of the allocation for each country component. The ‘co-financing incentive’ is at least 15 percent of the Global Fund allocation (as specified in the Allocation Letter). In order to access the co-financing incentive, countries must: (1) provide commitments of additional domestic investments to the relevant disease programs and/or related Resilient and Sustainable Systems for Health (RSSH) over the implementation period of the grant arising

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\(^{233}\) E.g. catalytic funds or additional funding through portfolio optimization as per terms of GAC approval

\(^{234}\) Such as the Abuja Declaration of 2001

\(^{235}\) As defined in Annex 1 of the Eligibility Policy

\(^{236}\) Less than 8% of government expenditure on health and/or tax revenues are lower than 15% of the GDP.

\(^{237}\) Indicative list of requirements for assessment and will be assessed on a case by case basis.
from the allocation, as per the requirements in the STC policy; and (2) demonstrate realization of such commitments (See Annex-3).

14. To access the co-financing incentive for each relevant disease component, the additional domestic investments must be:
   a. More than the domestic investments made in the corresponding implementation period of the grants arising from the prior allocation period,\(^{238}\) by at least:
      i. 50 percent of the co-financing incentive for low income countries
      ii. 100 percent of the co-financing incentive for 'middle income countries'\(^{239}\); and
   b. Invested in priority areas of national strategic plans, in line with the investment guidance developed with partners (including region specific guidance, as applicable); and
   c. Evidenced through allocations to specific budget lines, or other agreed assurance mechanisms.

15. The focus of additional domestic investments required to access the co-financing incentive must be agreed upon during country dialogue or grant making. As per the STC policy, the following requirements will apply for additional co-financing contributions to access the co-financing incentive:

<table>
<thead>
<tr>
<th>Country Income Classification</th>
<th>Disease Burden</th>
<th>Additional Co-Financing Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income</td>
<td>Any</td>
<td>Invested in either disease programs or RSSH. Flexibility to demonstrate 100% of their additional investments are towards RSSH</td>
</tr>
<tr>
<td>Lower-LMI</td>
<td>Any</td>
<td>At least 50 percent invested in priority areas within the disease program. Remainder can be in RSSH</td>
</tr>
<tr>
<td>Upper LMI High, Severe, Extreme</td>
<td></td>
<td>At least 75 percent invested in priority areas within the disease program. Remainder can be in RSSH</td>
</tr>
<tr>
<td>Upper LMI Low and Moderate</td>
<td></td>
<td>Focused on addressing systemic bottlenecks for transition and sustainability(^{240}), with at least 75 percent in priority areas within the disease program.</td>
</tr>
<tr>
<td>UMI</td>
<td>Any</td>
<td>Focused on disease components and RSSH activities to address roadblocks to transition(^{241}), with a minimum of 50% invested in specific disease components targeting key and vulnerable populations(^{242})</td>
</tr>
</tbody>
</table>

16. By default, the co-financing incentive available for each component is the same percentage across the allocations for each component following the final program split. However, on an exceptional basis, based on country context and priorities\(^{243}\), Country Teams may negotiate with country stakeholders and agree to a different distribution of the additional domestic investments to access the co-financing incentive among eligible components, provided that:

\(^{238}\) In assessing additional domestic investments to a disease program, one-off loan contributions or capital investments for infrastructure development in the prior period can be discounted. Where major efficiencies are targeted in disease program spending in line with technical partner guidance (example: shift from hospitalized TB care to ambulatory DOTS), re-investment of savings to priority areas can be considered as additional domestic investments

\(^{239}\) According to the Global Fund Eligibility List, based on World Bank’s income classification.

\(^{240}\) Identified by the country either through a transition readiness assessment or transition work plan or through national strategic plans or other relevant assessments.


\(^{242}\) Ibid

\(^{243}\) Among others, such priorities could include substantive scale up of domestic funding required for a component due to reductions in Global Fund allocation or other donor funding for such component; or where the focus is not to just increase domestic contribution to a disease component but rather to channel efficiencies to a component with already high levels of domestic funding to priority interventions by changing delivery models or provider payment systems (example: shift from hospitalized TB care to ambulatory DOTS)
a. The revised distribution that is agreed upon will determine (1) the co-financing incentive for each component and (2) the additional investments per component to access the co-financing incentive and (see annex-5 for illustration);
b. The aggregate amount of the co-financing incentive across all disease components remains unchanged;
c. Co-financing commitments for all components are available prior to the final Grant Approvals Committee (GAC) review of the first component;
d. The deviation from the default level of additional co-financing for a component is approved by the GMD Department Head/Regional Manager and communicated to the GAC through the Grant-making Final Review and Sign-off Form.
e. The additional investments per component to access the co-financing incentive and the co-financing incentive for each component will be communicated by the Country Team to the CCM and country stakeholders through a ‘management letter’

17. **Extenuating Circumstances:** In exceptional circumstances, where the country is not in a position to meet the co-financing requirements, the Country Team may recommend a full or partial exemption from the requirements. Any waiver of co-financing requirements will require strong justification, as well as a plan for addressing funding shortfalls, where applicable. Exemptions from co-financing requirements may be considered in limited cases of strongly justified and/or exceptional circumstances, such as:

a. The country is a Challenging Operating Environment (COE), where in-country engagement on domestic financing is not feasible;
b. Severe economic/fiscal crisis impacting government revenues/expenditure, which results in lower health and disease spending;
c. *Force majeure* events such as natural disasters, sudden outbreaks of disease, sudden or unforeseen outbreaks of war, civil or political unrest that result in severe disruption of program implementation or in the reallocation of government resources to address emergencies.

18. Partial or full exemptions must be approved by the Head, Grant Management Division through a memo (standardized memo template [link forthcoming]) and may be granted prior to communication of the allocation, during country dialogue, at the time of review of the funding request, at grant making and/or during grant implementation. The Head, Grant Management Division, may seek guidance from the GAC on the request for exemption. Once approved, the exemption applies for the duration of the implementation period. If a full exemption is granted, the applicant has access to the total allocation, including the funding that would be provided as co-financing incentive. If a partial exemption is sought and granted, the country will be reviewed and monitored for the approved lower level of requirements, as outlined in the memo seeking the partial exemption. Exemptions will be communicated by the Country Team to the CCM and country stakeholders through a ‘management letter’. All exemptions will be reported to the Board and captured in the relevant GAC Report to the Board (See Annex-2).

**DETERMINING AND COMMUNICATING THE CO-FINANCING INCENTIVE**

19. By default, 15% of a country component’s allocation will be available as a co-financing incentive if the country makes additional domestic commitments to three diseases as well as RSSH, as per policy requirements.

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244 In instances, where country is in a position to make additional investments in the next phase but not sufficient to access the full co-financing incentive.

245 The classification of a country as a COE does not automatically guarantee the application of flexibilities.
20. The co-financing incentive may be set at greater than 15% based on the following factors: evidence of less than 8% of government spending on health; the need to proactively strengthen transition preparedness and plan for transition if the country is a UMI (regardless of disease burden) or LMI with low/moderate disease burden; and/or other country specific contextual factors. Such other country specific contextual factors include but are not limited to: how the country compares with peers of the same income classification and region, macro-economic and fiscal trends, programmatic performance and impact against the three diseases, the overall funding landscape for the three diseases, and previous co-financing commitments.

21. The key parameters, guidance, and background data to determine the share of co-financing incentive is developed by the Health Financing Team of the Strategic Information Department as part of the Access to Funding processes for finalizing the Allocation Letter.

22. The share of the co-financing incentive of each country component is determined by the Country Team taking into account contextual priorities and considerations, with support from the Health Financing team, where appropriate. Country Team’s recommendations are endorsed by the Department Head/Regional Manager. The proposed co-financing incentive share of the allocations are then reviewed and validated by the Grant Approvals Committee (GAC).

23. Countries are informed of their total allocation across eligible disease components and the share of the allocation for each eligible component that is available as a co-financing incentive, through the Allocation Letter. The required level and focus of domestic investments to access the co-financing incentive is also communicated through the Allocation Letter.

24. The requirements that apply to access the co-financing incentive component of the allocation are based on ‘country income classification’ as per the latest Eligibility List published prior to communication of the allocation. If there is a change to the income classification during an allocation period, requirements associated with the new income level will apply only to the subsequent allocation.

COUNTRY DIALOGUE AND DEVELOPMENT OF FUNDING REQUEST

25. Co-financing of Global Fund supported disease programs and RSSH, as applicable, will be agreed upon during the country dialogue and/or grant making. In addition to the minimum additional investments to access the co-financing incentive, overall co-financing commitments should take into account funding need, existing commitments, fiscal space, sustainability and transition considerations; as applicable.

26. Country dialogue should include engagement on:
   a. The realization of co-financing commitments for the implementation period of the grants arising from the previous allocation period, as applicable;
   b. Co-financing investments in the health sector and disease programs over the implementation period of the grant arising from the next allocation;
   c. Leveraging the co-financing incentive to increase strategic domestic investments for health, in line with country priorities and STC policy requirements;
   d. Ensuring that the funding request for UMICs irrespective of disease burden and LMICs with low and disease burden describes the major bottlenecks to financial sustainability and how these bottlenecks will be strategically addressed with additional domestic investments that comply with the co-financing requirements.

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246 Country income classification used for the 2014-16 allocation period applies to previous ‘Willingness to Pay’ requirements.

247 Was referred to as ‘willingness to pay’ in the 2014-16 allocation period.
27. Realization of co-financing commitments for the implementation period of the grants arising from the previous allocation period: Evidence of realization of previous co-financing commitments is required to assess implications to grant funds tied to co-financing commitments and/or the subsequent allocation, as well as establish the baseline to determine additional investments for the next implementation period.

28. Evidence of realization of co-financing commitments (see Annex-3) and any justification for not meeting commitments (if applicable) must be formally submitted to the Global Fund prior or along with the submission of first funding request. Evidence of realization of co-financing commitments may be requested earlier, if the Country Team perceives a risk in materialization of commitments. If not at risk of realizing commitments, a country whose first funding request is through the ‘program continuation’ application modality can submit evidence on realization of co-financing commitments during grant making, as per the schedule agreed with the Country Team.

29. Co-financing investments in the health sector and disease programs in the next implementation period: Domestic financing of the broader health sector and of disease programs should be a focus of country dialogue, engaging key stakeholders including the Ministries of Finance and Health.

30. In high burden countries with low government spending on health and/or low revenue capture and countries where there is a declining trend in government health expenditure, country dialogue should explore government plans to develop and/or implement health financing strategies to increase domestic financing of health. With partners and through global platforms, Country Teams and CCMs are encouraged to discuss needs of additional support through grants to accelerate the implementation of health financing strategies, if relevant. Where there are no specific initiatives in place to develop or implement a health financing strategy, the Secretariat and CCMs may explore, in consultation with partners, support for developing health financing strategies through grants.

31. The development of the funding request should include a review of available resources and funding gaps for Global Fund supported programs, preferably based on costed National Strategic Plans. Through the CCM and key stakeholder engagement, country dialogue should discuss co-financing contributions over the next implementation period as well as longer-term strategies for sustaining programs with increased domestic investments.

32. Leveraging the co-financing incentive for strategic domestic investments for health, in line with country priorities: Country dialogue should aim to establish strategic actions and co-financing commitments to meet the co-financing requirements and access the total co-financing incentive. See Annex-3 for examples of the types of commitments and elements of a commitment plan.

33. The ongoing country dialogue process must ensure a clear understanding of:
   a. Mechanisms through which government will finance the disease program or RSSH (central/regional/local government revenues, loans, debt relief and/or social health insurance);
   b. Current and planned additional domestic financing of disease programs and RSSH in terms of the extent of funding and the interventions supported;
   c. Timing or annual cycle of co-financing investments; and
   d. The mechanism by which co-financing will be tracked and reported (see Annex-3 for indicative examples), including assurance provided by the country’s public finance.

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248 Countries with high, ‘severe’ or ‘extreme’ disease burden for two or more disease components, as defined by Eligibility Policy
249 Defined as less than 8% of government expenditure on health and tax revenues are lower than 15% of the GDP
250 Such as the Global Financing Facility.
management systems and ‘supreme audit institutions’ for reliable monitoring of realization of co-financing commitments.

FUNDING REQUEST REVIEW AND ASSESSING COMPLIANCE WITH CO-FINANCING REQUIREMENTS

34. The Country Team (supported by inputs from the Strategic Information Department) will review and assess (a) compliance with core co-financing requirements (see paragraphs 9-12) based on qualitative assessment of co-financing trends, taking into account relevant contextual factors; (b) realization of co-financing commitments for the implementation period of the grant arising from the previous allocation period; and (c) co-financing commitments to access the co-financing incentive for the grant arising from the subsequent allocation period. The Country Team’s assessment is captured in the Secretariat Briefing Note submitted to the TRP.\textsuperscript{280} The Country Team’s assessment of compliance will also be captured in the Grant-making Final Review and Sign-off Form, and reviewed by the GAC (see paragraph 50)

ASSESSING REALIZATION OF CO-FINANCING COMMITMENTS FOR THE PREVIOUS ALLOCATION PERIOD\textsuperscript{282}:

35. Realization of a co-financing commitment is defined as reasonable assurance of either execution of funds for agreed upon activities or implementation of agreed upon activities (See Annex-3 for illustrative examples of evidence that supports realization of co-financing commitments).

36. In assessing co-financing in the implementation period of grant(s) arising from the previous allocation, it is expected that information on budget execution for completed fiscal years and the budget of the final implementation year will be reviewed. With respect to the execution/or budgeting of funds, countries will be considered as compliant with requirements to access the co-financing incentive of the previous allocation\textsuperscript{283}, if:

\begin{itemize}
  \item[a.] Realization of co-financing commitment in completed fiscal years plus budget allocated for the final year in USD/EURO\textsuperscript{284} is equal to or higher than the requirements to access the co-financing incentive (willingness to pay of the 2014-16 allocation), as per policy existing at time of the previous allocation;\textsuperscript{285} OR
  \item[b.] Realization of co-financing commitment in completed fiscal years plus budget allocated for the final year in local currency, adjusted for inflation is equal to or higher than the requirements to access the co-financing incentive (willingness to pay of the 2014-16 allocation) as per policy existing at the time of the previous allocation
\end{itemize}

37. In High Impact and Core countries, the Finance Specialist, with support of Health Financing Team (if applicable) will be responsible for assessing evidence on execution of funds and allocation of budget funds committed towards meeting co-financing requirements and the extent to which the required co-financing commitments were realized. The Fund Portfolio Manager, taking into consideration the assessment of the Finance Officer and supplementary evidence on implementation of agreed upon activities, determines compliance with co-financing requirements in consultation with the Legal Officer and other Country Team members (as applicable). In Focused countries, the Fund Portfolio Manager will determine compliance with support from the Health Financing Team and/or STC Specialists (as applicable) and in consultation with the Legal Officer\textsuperscript{286}

38. The possible outcomes of the compliance determination and their implications are summarized below:

\begin{itemize}
  \item[280] For program continuation, the Country Team will present the assessment of compliance to the GAC
  \item[282] Was referred to as ‘willingness to pay’ in the 2014-16 allocation period
  \item[283] Was referred to as ‘willingness to pay’ in the 2014-16 allocation period
  \item[284] Depending on which currency the country had used to provide commitments
  \item[285] For the 2014-16 allocation; the minimum requirements of additional investments was 25% of the co-financing incentive (referred to earlier as ‘willingness to pay’) for low income countries, 50% for lower LMI, 100% of upper LMI, and 200% for UMI. For subsequent allocations, as per the STC Policy, outlined in paragraphs 14-15
  \item[286] The same process will be applicable for assessment of compliance during grant implementation
\end{itemize}
a. **Requirements Met**: Requirements are considered met if execution of funds or implementation of agreed activities in completed fiscal years (a) is greater than requirements to access the co-financing incentive OR (b) meets the requirements together with budget/approved implementation plan for the final year and there are no identified risks for execution of the allocated budget/implementation plan. **Implications**: There are no implications to existing grant(s) or the new allocation, if requirements are met.

b. **Requirements Conditionally Met**: Requirements are considered conditionally met, if execution of funds or implementation of agreed activities has been inconsistent with actual commitments, but allocated budget/approved implementation plan for the final year implies that the country will meet the requirements to access the co-financing incentive. **Implications**: If requirements are deemed conditionally met, the implications are the following:
   i. Country teams, with the support of the Health Financing Team, should monitor realization of commitments during the remainder of the implementation period;
   ii. Where feasible and appropriate, Country Teams should consider tying subsequent disbursements to realization of commitments;
   iii. Subsequent actions based on whether requirements were ultimately met or not met.

c. **Requirements Not Met with Justifiable Circumstances**: If country does not meet requirements to access the co-financing incentive, but has justifiable reasons for non-compliance (see paragraph 17). **Implications**: Exemption of requirements, approved by the Head, Grant Management Division through a memo based on a standardized memo template (see paragraph 18 and Annex 2).

d. **Requirements Not Met**: If country does not meet requirements to access the co-financing incentive, and has no justifiable reasons (see paragraph 17) for non-compliance. **Implications**: The implications of not meeting requirements include the following:
   i. Withholding of disbursements or reduction of grant funds during the current grant implementation period, where feasible and appropriate; or
   ii. Downward adjustment of subsequent allocation, proportionate to the level of non-realization of commitments, where feasible and appropriate.

39. **Applying consequences of non-realization of co-financing on existing grants**: Disbursements may be withheld or the grant funds amount may be reduced, for the grant(s) arising from the prior allocation period, in the event of non-realization of commitments to access the co-financing incentive. The proportion of realized co-financing commitments will be applied to the amount provided as co-financing incentive, and the residual amount either withheld as disbursement or reduced from the grant funds amount (See Annex-4 for illustration).

40. Disbursements may be withheld for non-realization of co-financing commitments at any point of time during the implementation period. The Principal Recipient will receive notification of the reduced disbursement through a Management Letter accompanying Disbursement Notification Letter (see Annex-2).

41. The grant funds amount may be reduced for non-realization of co-financing commitments, in the final year of implementation. Reduction of grant funds and the related program revisions (if applicable) should be processed following the OPN on Grant Revisions. After

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257 Disbursement can be linked to specific co-financing milestones based on an assessment of potential impact of its withholding, should co-financing not materialize.
258 Was referred to as ‘willingness to pay’ in the 2014-16 allocation period.
259 Was referred to as ‘willingness to pay’ in the 2014-16 allocation period.
260 The reductions will be applied to individual grant components, proportionate to share of co-financing incentive applicable to each component. However, for grants under the 2014-16 allocation, reductions can apply to any grant component in any proportion as per strategic requirements of the portfolio since willingness to pay commitments were not tied to a specific component.
approval, reductions in grant funds amount due to non-compliance with co-financing requirements will be communicated to the country, through a management letter.

42. **Applying consequences of non-realization of co-financing on subsequent allocation:** Non-compliance with co-financing requirements will result in reduction of subsequent allocation, if the country is not exempted from requirements and did not have consequences of not meeting co-financing requirements applied to existing grants. The amount to be deducted from the subsequent allocation will be calculated in the same manner as outlined in paragraph 39. However, given potential for significant reductions in subsequent allocations, any adjustments to future allocations because of non-realization of co-financing commitments will be proportional to any reductions in allocations (See Annex-4 for illustration). The reduction will be prorated across the eligible components of the subsequent allocation. Any reductions to the allocation will have to be approved by the GAC. A GAC review can be requested by Country Teams, in consultation with A2F, for downward adjustments to the allocation due to non-realization of co-financing commitments (See OPN on Access to Funding, Grant-making and Approval). GAC review for downward adjustment of allocation should be scheduled sufficiently in advance of the final GAC review of the disbursement-ready grants to provide the necessary time to negotiate budgets for the revised upper-ceiling amount. After approval, reductions in allocation due to non-compliance with co-financing requirements will be communicated to the country, through a management letter.

**ASSESSING CO-FINANCING COMMITMENTS TO ACCESS THE CO-FINANCING INCENTIVE FOR THE NEXT ALLOCATION:**

43. The amount of the ‘co-financing incentive’ available to each component will be proportional to the level of additional co-financing commitments provided by the country, unless justified by extenuating circumstances (see paragraph 17)

44. For countries applying via program continuation application modality, co-financing commitments should be provided during grant-making, prior to the final GAC approval of the grant. For full and tailored funding requests, it is expected that co-financing commitments to access the full co-financing incentive for a component is submitted along with the funding request. If additional time is required for country processes, the commitments can be formalized at grant-making or during grant implementation, provided indicative commitments are available prior to final GAC. If the time required for formal commitments extends into grant implementation period, grant agreements must have ‘grant requirements’ specifying the time-frame when the co-financing commitments will be provided and the expectations of realization of these commitments.

45. If during grant making sufficient commitments (either indicative or formal) to access the full co-financing incentive are not forthcoming, the allocation will be proportionally reduced based on available co-financing commitments, unless exempted. Any reductions to the allocation will have to be approved by the GAC. A GAC review can be requested by Country Teams, in consultation with A2F, for downward adjustments to the allocation (See OPN on Access to Funding, Grant-making and Approval).

46. After approval, reductions in allocation due to non-compliance with co-financing requirements will be communicated to the country, through a management letter.

**GRANT APPROVAL**

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261 Withholding of disbursements or reduction of grant funds
262 Proportion will be capped at 100%, for countries receiving a higher level of funding in the current allocation
263 Ongoing processes for budget formulation, parliamentary approval, development of medium term expenditure frameworks, approval of national strategy plans, development of sustainability plans, resource tracking etc.
47. Co-financing considerations at grant approval as well as subsequent monitoring during grant implementation will be differentiated based on whether there is a material risk for realization of commitments. Figure-1 provides an illustrative list of key risks that should be considered by the Country Team.

Figure-1 Risk based approach for Approval and Monitoring of Co-Financing Commitments

<table>
<thead>
<tr>
<th>Illustrative Risks</th>
<th>Material Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Poor track record of meeting previous commitments (less than 75% unless justified)</td>
<td>• Sign off on commitments from MOF or other relevant bodies/processes</td>
</tr>
<tr>
<td>• Significant increases in government spending committed in one or more program areas and/or substantive commitments to absorb historical Global Fund support in specific areas (more than 50%)</td>
<td>• Specific grant requirements</td>
</tr>
<tr>
<td>• Investments committed to key population interventions, that were not previously funded by the government</td>
<td>• Monitoring through grant management processes for managing conditions</td>
</tr>
<tr>
<td>• Co-financing risks for transition (as per Organizational Risk Register)</td>
<td></td>
</tr>
<tr>
<td>• High burden countries with low government health spending/low revenue capture</td>
<td></td>
</tr>
<tr>
<td>• Medium term macroeconomic and fiscal constraints</td>
<td></td>
</tr>
<tr>
<td>• Constraints in tracking expenditure through existing country systems and processes</td>
<td></td>
</tr>
</tbody>
</table>

48. If the Country Team determines that there is a material risk of non-realization of co-financing commitments, appropriate mitigation measures such as endorsement of co-financing commitments by the Ministry of Finance/other relevant bodies specific to the country and/or specific grant requirements should be presented to the GAC for approval.

49. Country Teams should consult their Legal Officer to capture co-financing requirements in the grant agreement, which will depend on the Country Team’s assessment of risk and endorsement by the GAC. Accordingly, two options are available:
   - No Material Risk: If it is determined that there is a low risk of non-realization of domestic commitments, a generic grant requirement must be included in the grant agreement that reserves the right of the Global Fund to withhold funding during the implementation period of the grant (through withholding of disbursements or reduction of the grant funds amount), or from the subsequent allocation proportionate to non-compliance with the additional domestic commitments.
   - Material Risk: If it is determined that there is a material risk of non-realization of domestic commitments, country-specific grant requirement(s) that will formalize the co-financing commitments for the implementation period must be included in the grant agreement. The grant requirement will specify annual co-financing investments or specific outputs related to co-financing commitments (as applicable), and the mechanisms and time-frame for reporting realization of co-financing commitments. If appropriate, the grant requirement should specify the disbursement amount per year that is tied to realization of co-financing commitments. The amount tied per year will generally be proportional to the amount of co-financing commitment per year as confirmed to the Global Fund. If appropriate, the Country Team may at its discretion tie specific components of the grant budget to realization of co-financing commitments.

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264 As part of the ORR, a framework is currently being defined to measure and monitor key risks levels across the organization, including co-financing risks.
50. The Country Team captures its assessment of risk of non-compliance with co-financing requirements and the outcome of the grant-making considerations on co-financing in the Grant-making Final Review and Sign-off Form. By recommending the proposed grant for Board approval, the GAC will also be endorsing the assessment of risk of non-compliance with co-financing requirements and the option recommended by the Country Team for the monitoring of realization of additional domestic commitments during the implementation period.

**MONITORING CO-FINANCING COMMITMENTS DURING GRANT IMPLEMENTATION**

51. The monitoring of co-financing commitments and implications of non-compliance will be differentiated as presented in the table below:

<table>
<thead>
<tr>
<th>Option</th>
<th>Grant Agreement</th>
<th>Approval of Approach</th>
<th>Monitoring</th>
<th>Implications for Non-Compliance</th>
<th>Approval of Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Generic grant requirement in grant agreement for countries with low risk of non-realization of co-financing commitments, that reserves the right of Global Fund to withhold funding proportionate to non-compliance</td>
<td>GAC</td>
<td>Periodically followed up through country engagement, budget execution reports, NHA, NASA, and partner data</td>
<td>If evidence of non-compliance, based on country context, strategic requirements and impact on the program; one or more of the following actions: (a) withholding of disbursement (b) reduction in grant funds amount (c) reduction of subsequent allocation</td>
<td>Withholding of disbursement as per OPN on Annual Funding Decisions and Disbursements</td>
</tr>
<tr>
<td>2</td>
<td>Country specific requirement in grant agreement for countries where there is a material risk of non-realization of co-financing commitments</td>
<td>GAC</td>
<td>Monitoring of specific commitments as per the terms of the grant requirement in the grant agreement (i.e. at the time of an Annual Funding Decision or other specified date).</td>
<td>(a) withholding of disbursement (b) reduction in grant funds amount (c) reduction of subsequent allocation</td>
<td>Reduction of grant funds amount as per OPN on Grant Revisions Reduction of Allocation – GAC Approval</td>
</tr>
</tbody>
</table>

52. In exceptional cases, depending on the context, risk profile and country specific requirements, verification of realization of co-financing commitments may be included within the terms of reference of the external audit or LFA services.

53. If a country does not meet its additional co-financing commitments, it is mandatory to have a country-specific requirement in all subsequent grant agreements until a track record of compliance can be (re-) established.
PROCESS AND RESPONSIBILITIES

RESPONSIBILITIES

54. **Country Team:** Strategic engagement and negotiation of co-financing to enhance sustainability of Global Fund supported programs, appropriate to the country context. Provide necessary guidance to country stakeholders on co-financing requirements and articulation of its compliance through relevant documentation and mechanisms at the time of accessing funding and grant implementation. With support from the health financing team, assess compliance, with co-financing requirements at the time of accessing funding and reflect the assessment in 'Secretariat Briefing Notes’ and GAC documentation. Incorporate ‘requirements’ related to co-financing commitments in Grant Agreements based on country context and requirements, and accordingly track their materialization during grant implementation. Take appropriate actions for non-compliance in line with guidance provided in the OPN based on country context, strategic requirements and impact on the supported program(s).

High Impact and Core Countries

a. **Fund Portfolio Manager (FPM) supported by Program Officer(s):** Lead Global Fund negotiations and decision making related to co-financing requirements in the grant lifecycle. Ensure timely communication of co-financing requirements and decisions related to co-financing to country stakeholders. Leverage Secretariat resources and strategically engage with country stakeholders to advocate and support actions for improving co-financing and sustainability of Global Fund supported programs.

b. **Finance Specialists:** Finance Specialists advise and strengthen Country Team understanding of public financing mechanisms in the country; monitor grant conditions related to co-financing; responsible for assessing evidence on execution of funds committed towards meeting co-financing requirements, with support of the Health Financing Team, where applicable; incorporate verification of co-financing within the terms of reference of the external audit or LFA services, where appropriate; and provide internal clearance prior to approval of withholding of disbursements, reduction in grant funds and/or reduction of future allocation for non-realization of co-financing commitments, as per normal processes for disbursements, modifications in grant agreements, and GAC approvals.

Focused Countries

c. **Fund Portfolio Manager (FPM):** Lead Global Fund negotiations and decision making related to co-financing requirements in the grant lifecycle. Leverage Secretariat resources and strategically engage with country stakeholders to advocate and support actions for improving co-financing and sustainability of Global Fund supported programs. Responsible for assessing evidence on execution of funds committed towards meeting co-financing requirements, with support of the Health Financing Team and/or STC Specialists, where applicable.

d. **Portfolio Support Team:** With support of the Health Financing Team and/or Sustainability and Transition Specialists, if applicable, the PST provides internal clearance prior to approval of withholding of disbursements, reduction in grant funds and/or reduction of future allocation for non-realization of co-financing commitments, as per normal processes for disbursements, modifications in grant
agreements, and GAC approvals. Incorporates verification of co-financing within the terms of reference of the external audit or LFA services, where appropriate.

**All Countries**

e. **Legal Officer:** Incorporates co-financing requirements in grant agreements in a manner that is enforceable and consistent with Board and Secretariat policies; advises on determination and legal implications of non-compliance with co-financing requirements; and provides the internal clearance prior to approval of actions to enforce consequences of non-compliance.

f. **Public Health and Monitoring & Evaluation Officer** Where appropriate, support negotiations by identifying key programmatic gaps that could be potentially supported by the government; assess commitments to absorb existing support and/or scale up program provided through previous requests to the Global Fund; support assessment of evidence with regard to implementation of agreed upon activities.

g. **Health Product Management Specialist:** Where appropriate, assess implications of commitments for absorbing and/or scaling up procurement of drugs and commodities. Support as required tracking of realization of specific co-financing commitments related to procurement.

55. **Health Financing Team:** Based on requests from Country Teams, provides technical support and advice for co-financing negotiations, assessment of public financing mechanisms, macroeconomic and fiscal outlook, updated data and other information inputs on program and health sector financing; capacity building of Secretariat staff and sharing of best practice; supports assessment of compliance with requirements at the time of accessing funding and tracking materialization of co-financing commitments during grant implementation. Responsible for tracking and reporting of progress on co-financing at the portfolio level including KPI on domestic financing and actions taken for non-realization of commitments; and facilitating support of technical partners in expenditure tracking and development of sustainability plans.

56. **Sustainability and Transition Specialists:** Supports negotiation of increased domestic financing to enable the gradual absorption of Global Fund financed interventions into government-supported programs and to comply with the requirements of the co-financing policy; supports country engagement on transition plans and related co-financing; supports strategic initiatives to strengthen co-financing, sustainability, and transition preparedness, including (as appropriate and relevant) enhanced access of transition countries to favorable prices for health products, innovative financing schemes, etc.; supports monitoring and assessing compliance with co-financing requirements in applicable focused countries, within the context of ongoing country work on sustainability and transition.

57. **Sustainability, Transition and Co-Financing Coordination Mechanism (including STC Working Group and Steering Committee, as applicable):** Support integration and mainstreaming of co-financing considerations within grant management processes; identify needs and facilitate development of guidance, tools, training and skill-sets required to effectively operationalize co-financing policy requirements; coordinate internal and external communication on co-financing issues.

58. **External Relations Department:** Implement multi-sector advocacy strategy to promote increased domestic financing for health by reaching key decision-makers through country engagement, global and regional platforms; facilitate targeted country support for domestic resource mobilization for health; private sector engagement on domestic financing; support the development and implementation of innovative financing mechanisms such as Debt2Health, Social Impact Bonds, and Blended Finance, based on direction provided by the Audit and Finance Committee.
59. **Policy Hub**: Coordinate development of Global Fund strategies and Board policies on sustainability, transition and co-financing; incorporation of co-financing considerations in Strategy implementation Plan and its monitoring.

60. **Access to Funding Department**: Facilitate and support TRP/GAC review process and GAC reports to the Board; provide applicant support for submission of funding requests; and facilitate GAC reviews for con-compliance with co-financing requirements, where applicable. In addition, take an active role in advising country teams on the requirements of Global Fund co-financing policies, and develop best practices examples of how co-financing has strengthened sustainability and transition preparedness.

61. **Risk Department**: As part of the Risk Specialist’s oversight role in the grant cycle, the co-financing risks will be analyzed in selected High Impact and Core portfolios, especially during grant-making and disbursements. As necessary, the Risk Specialist will also input in identifying options for applying consequences of non-compliance with co-financing requirements.

62. **Technical Review Panel**: Reviews Secretariat Briefing Notes and Funding Requests to assess implications of co-financing on program targets and sustainability of programs; and assess material program impact of reduction of grant funds amount due to non-compliance with co-financing requirements, as per OPN on Grant Revisions.

63. **Grant Approvals Committee**: Validates share of co-financing incentive for each disease allocation and exceptional revision in distribution of co-financing incentive among components; through normal GAC review process prior to making funding recommendation to the Global Fund Board, approves assessment of compliance with co-financing requirements, assessment of co-financing risks, grant requirements for co-financing, approach for monitoring co-financing; approves reduction of allocation due to non-compliance with co-financing requirements.

64. **External Auditor/Local Fund Agent**: Where relevant, external audit or LFA services to be used as a source of assurance for appropriate monitoring and verification of compliance with co-financing requirement.

65. **National Government**: (as represented by the ministries of health, finance and/or other relevant authorities) is expected to engage in negotiations to augment sustainability of Global Fund supported programs, commit additional government investments to Global Fund supported programs according to specific timelines that can be tracked and reported, and provide official documentation as evidence of government commitments and spending during grant implementation.

66. **CCM**: Responsible for facilitating engagement with country stakeholders and advocates for additional domestic investments in Global Fund supported programs with key country stakeholders, including appropriate government authorities as required. Ensures submission of co-financing commitments with the funding requests, and facilitates monitoring and reporting of materialized commitments during grant implementation.

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265 Refer to OPN on Risk Management Across the Grant Lifecycle
MONITORING AND REPORTING

67. Progress on co-financing will be monitored and reported to the Board and within the Secretariat by the Strategy, Investment and Impact Division, as part of the oversight of the overall Global Fund portfolio:

   e. **Corporate KPI on Domestic financing (KPI 11).** Annual reporting on progress with realization of co-financing commitments. Reporting to provide supplementary information on co-financing commitments to Global Fund supported programs and RSSH.

   f. **GAC Report to the Board.** GAC recommendations to the Board for grant approval to include the amount of additional domestic commitments made by countries reviewed in each wave.

   g. **Strategy Implementation Plan:** Implementation KPIs and milestones under Strategic Objectives 1 and 4.

ANNEXES

68. The following Annexes provide guidance on the relevant processes:

   - **Annex 1:** Snapshot of Co-financing considerations in Grant cycle
   - **Annex 2:** Decision Making Process for Co-financing
   - **Annex 3:** Negotiation and Tracking Additional Domestic Investments
   - **Annex-4:** Illustration for reduction of grant funds and subsequent allocation for noncompliance with co-financing requirements
   - **Annex-5:** Illustration for revision of default co-financing incentive among eligible components
   - **Annex-6:** Data Sources for Co-Financing
   - **Annex-7:** Assessment and Reporting of Compliance with Co-Financing Requirements
# Annex-1: Snapshot of Co-financing considerations in funding cycle

<table>
<thead>
<tr>
<th>Considerations</th>
<th>Funding Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determination of Co-Financing Incentive for each Disease Allocation</td>
<td>Process for finalization of Allocation Letter</td>
</tr>
<tr>
<td>Communication of Co-financing Requirements</td>
<td>Allocation Letter</td>
</tr>
<tr>
<td>Country Engagement on Co-Financing</td>
<td>Country Dialogue and Grant-Making</td>
</tr>
<tr>
<td>Submission of evidence of realization of previous co-financing commitments</td>
<td>• Prior or along with first Full or Tailored Review</td>
</tr>
<tr>
<td></td>
<td>• Program Continuation- Grant Making</td>
</tr>
<tr>
<td></td>
<td>• High Risk Countries- Program Split or specified date</td>
</tr>
<tr>
<td>Assessment of compliance with co-financing requirements for past allocation</td>
<td>• Prior or along review of first Full or Tailored Review</td>
</tr>
<tr>
<td></td>
<td>• Program Continuation- Grant Making</td>
</tr>
<tr>
<td>Consequence for Non-Compliance of previous co-financing commitments</td>
<td>• Proportionate withholding of disbursements (any time during the implementation period): Approval through disbursement decision process (OPN on Annual Funding Decisions and Disbursements)</td>
</tr>
<tr>
<td></td>
<td>• Proportionate reduction of grant funds (in last year of implementation): Approval as per Grant Revisions process (OPN on Grant Revisions)</td>
</tr>
<tr>
<td></td>
<td>• Reduction of subsequent allocation (during grant making of grants arising from next allocation): Approval through a GAC review scheduled sufficiently in advance of final GAC review of the disbursement-ready grants</td>
</tr>
<tr>
<td>Submission of evidence of co-financing commitments for next implementation period</td>
<td>• Program Continuation- Grant Making</td>
</tr>
<tr>
<td></td>
<td>• Prior or along with funding request for Full/Tailored Review</td>
</tr>
<tr>
<td></td>
<td>• Flexibility for submission of formal commitments during grant making or grant implementation to accommodate reasonable time for country processes</td>
</tr>
<tr>
<td>Implications for insufficient commitments to access full co-financing incentive</td>
<td>Proportionate reduction of allocation (during grant making): Approval through a GAC review scheduled sufficiently in advance of final GAC review of the disbursement-ready grants</td>
</tr>
<tr>
<td>Consolidation of commitments, revision in distribution of co-financing incentive among components, grant requirements and monitoring approach</td>
<td>Grant-making Final Review and Sign-off Form; GAC Endorsement</td>
</tr>
<tr>
<td>Grant requirements approved by GAC</td>
<td>Incorporated in the Grant Agreement</td>
</tr>
<tr>
<td>Monitoring during implementation period</td>
<td>As per monitoring approach endorsed by GAC and grant requirements in grant agreement</td>
</tr>
</tbody>
</table>
## Annex-2: Decision Making Process for Co-Financing

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Exceptional revision in distribution of co-financing incentive among components</td>
<td>FPM</td>
<td>CT, HFT, STC Specialists (in applicable regions)</td>
<td>Grant-making Final Review and Sign-off Form</td>
<td>DH/RM, GMD and RFM Validated by GAC</td>
<td>Country Stakeholders through Management Letter</td>
<td></td>
</tr>
<tr>
<td>Final Co-financing commitments, assessment of Co-Financing risks, grant requirements, monitoring approach</td>
<td>FPM</td>
<td>Finance Specialist (in high impact and core), Legal Officer</td>
<td>Grant-making Final Review and Sign-off Form (through DH/RM and RFM)</td>
<td>GAC</td>
<td>GAC Report to Board; Implementation KPI and milestone reporting to MEC</td>
<td></td>
</tr>
<tr>
<td>Exemption from Co-Financing Requirements</td>
<td>FPM</td>
<td>DH/RM, GMD</td>
<td>Standard Memo Template</td>
<td>Head GMD</td>
<td>Reported to GAC; GAC Report to Board; Management Letter to Country Stakeholders</td>
<td></td>
</tr>
<tr>
<td>Withholding of disbursements</td>
<td>FPM</td>
<td>Finance Specialist/PST, Legal Officer</td>
<td>HFT, STC Specialists (in applicable regions)</td>
<td>Disbursement Decision Process</td>
<td>Management Letter accompanying Disbursement Notification Letter</td>
<td></td>
</tr>
<tr>
<td>Reduction of Grant Funds amount for non-compliance</td>
<td>FPM</td>
<td>Finance Specialist/PST, Legal Officer</td>
<td>HFT, STC Specialists (in applicable regions)</td>
<td>Grant Revisions</td>
<td>As per OPN on Grant Revisions</td>
<td>Implementation Letter; GAC Report to Board</td>
</tr>
<tr>
<td>Reduction of future allocation for non-compliance</td>
<td>FPM</td>
<td>Finance Specialist/PST, Legal Officer</td>
<td>A2F, HFT, STC Specialists (in applicable regions)</td>
<td>GAC Review</td>
<td>GAC</td>
<td>GAC Report to Board; Management Letter to Country Stakeholders</td>
</tr>
</tbody>
</table>

Acronyms: FPM-Fund Portfolio Manager; PST-Portfolio Services; DH-Department Head, GMD; RM-Regional Manager, GMD; RFM-Regional Finance Manager; GAC-Grant Approval Committee; A2F-Access to Funding; HFT-Health Financing Team, Strategic Information Department
Annex 3: Negotiation and Tracking Additional Co-Financing Investments

1. Illustrative areas for additional domestic investments include:
   i. Strategic benchmarks set internally by Global Fund regional management, if applicable;
   ii. Direct investments to scale coverage of key intervention in accordance with national targets (example: targeted interventions such as harm reduction, drugs, commodities, equipment);
   iii. Absorption of existing Global Fund support (example: recurrent costs such as human resources266, targeted interventions, drugs, commodities); allowing the release of Global Fund resources to other priority areas;
   iv. Co-financing of specific Global Fund support. Examples include:
      a. In-country storage and distribution costs of drugs and commodities procured with Global Fund support;
      b. Mass campaign distribution costs of LLINs procured with Global Fund support;
   v. Investments to address health systems bottlenecks to sustainability and transition
   vi. Reinvestment of savings from reform of service delivery (example: shift from hospitalized TB care to ambulatory care) in priority interventions
   vii. Progressive increases in the total health budget, particularly in low income settings, where the Global Fund is a major source of health funding;
   viii. Innovative financing mechanisms developed by the country such as health funds or approved Global Fund mechanisms for innovative financing (example: Debt2Health)

2. Types of commitments acceptable to the Global Fund will depend on the country context, official nature of commitments, trends in government spending and past history of meeting commitments.
   i. Commitments that are based on approved national strategic plans, medium-term expenditure frameworks, budget program, budgeted transition plans or other official documents are acceptable, provided the government has a reasonable track record of meeting its commitments.
   ii. In case of countries where government spending show strong increasing trends but official medium-term commitments is not available, commitments negotiated during country dialogue and confirmed by the CCM as part of the concept note submission, should be sufficient.
   iii. In case of other countries which have a poor track record of government spending or require significant increases in government spending to avail the co-financing incentive, commitments negotiated as part of the country dialogue need to be formalized by the Ministry of Finance or other relevant authorities, as appropriate. A formal commitment should specify:
      a. Annual cycle of investments
      b. Specific activities financed
      c. When information of budget allocation and execution will be available
      d. How realization of commitment will be verified and reported (budget line, implementer accounts etc.)

3. Illustrative examples of mechanisms for tracking realization of co-financing commitments during grant implementation include:
   i. Disbursement/expenditure against earmarked budget allocations;
   ii. Funds release for procurement orders;
   iii. Funds release to implementing agencies;

---

266 Global Fund investments in recurrent costs, such as that for human resources in the public sector, should be considered only if it is strategic to the objectives of grant support. To ensure sustainability, the country needs to develop a medium-term plan for transitioning such support to the government budget.
iv. Estimates of expenditure approved by appropriate authorities Ministry of Finance/ Finance Department of Ministry of Health along with supporting evidence;

v. Outputs of routine expenditure tracking exercises such as National Health Accounts, National AIDS Spending Assessment, Public Expenditure Review, etc.

vi. Evidence of absorption of specified human resources on government payroll;

vii. Evidence of implementation of provisions of an agreed sustainability plan

viii. Evidence of implementation of other agreed upon activity such as distribution of drugs, harm reduction interventions, scale up of services, conduct of special surveys or training
Annex-4: Illustration for reduction of grant funds and 2017-19 allocation for noncompliance with co-financing requirements under 2014-2016 allocation period

A. Reduction of Grant Funds under grant arising from 2014-2016 allocation period (Example of UMIC)- Reference to paragraph 39

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 2014-16 Allocation</td>
<td>100 M</td>
</tr>
<tr>
<td>B. Amount tied to WTP (15%)</td>
<td>15 M</td>
</tr>
<tr>
<td>C. Minimum required additional domestic investments under WTP (2:1 for an UMI Country)</td>
<td>30M</td>
</tr>
<tr>
<td>D. Realization of additional domestic investments</td>
<td>10 M</td>
</tr>
<tr>
<td>E. Proportion of Non Realization = (C-D)/C</td>
<td>66%</td>
</tr>
<tr>
<td>H. Amount of Grant funds reduced (B*E)</td>
<td>10M</td>
</tr>
</tbody>
</table>

B. Reduction of Subsequent Allocation (Example of UMIC)- Reference to paragraph 42

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 2017-19 Allocation</td>
<td>40 M</td>
</tr>
<tr>
<td>B. 2014-16 Allocation</td>
<td>100 M</td>
</tr>
<tr>
<td>C. Proportion of 2017-19 Allocation to 2014-16 Allocation*</td>
<td>40%</td>
</tr>
<tr>
<td>D. Amount tied to WTP (15%)</td>
<td>15 M</td>
</tr>
<tr>
<td>E. Minimum required additional domestic investments under WTP (2:1 for an UMI Country)</td>
<td>30M</td>
</tr>
<tr>
<td>F. Realization of additional domestic investments</td>
<td>10 M</td>
</tr>
<tr>
<td>G. Proportion of Non Realization = (E-F)/E</td>
<td>66%</td>
</tr>
<tr>
<td>H. Amount of 2017-19 Allocation Not Accessible (G<em>C</em>D)</td>
<td>4 M</td>
</tr>
<tr>
<td>I. Adjusted 2017-19 Allocation (A-G)</td>
<td>36 M</td>
</tr>
</tbody>
</table>

*Proportion will be capped at 100% for countries with higher allocation for the 2017-19 allocation period.
Annex-5: Illustration of exceptional revision of default level of additional co-financing among eligible components - Reference paragraph 16
(Example of a Country with a US$120 M Allocation with a 20% Co-Financing Incentive)
Annex 6: Data Sources for Co-Financing

Global Fund Resources

- Historical data reported to Global Fund in previous proposals and requests for continued funding
- Data and background information elicited in funding request
- LFA assessment report
- Program financing database maintained by the health financing team

Partner Resources

- HIV: http://www.pepfar.gov/countries/cop/
- Health: http://apps.who.int/nha/database/ChoiceDataExplorerRegime.aspx
- Health: http://www.who.int/nha/country/en/
- Disease and Health: http://www.healthsystems2020.org/section/resources/

Country Resources

- Health and disease strategy documents
- Medium Term Expenditure Framework (MTEF)
- Government Budgets and Supporting Documents
- Budget Outturns/Obligations
- Government Accounts
- Accounts of Autonomous entities such as NACs/Disease Funds
- Beneficiary Payment Statement of Social Security Spending
- National Health Accounts (NHA) with disease sub-accounts
- National AIDS Spending Assessment (NASA)
• Public Expenditure Reviews (PER)
• Public Expenditure Tracking Surveys (PETS)
• Program Evaluation/Review Reports
Annex 7: Considerations for Assessing and Reporting of Compliance with Co-Financing Requirements

A. Non-exhaustive list of issues for consideration in assessment of co-financing requirements

1. Understanding of public financing mechanisms
   a. How is government contribution to the disease program is financed-through revenue resources, loans, social health insurance, and/or debt relief?
   b. Which levels of government incur disease spending – central, regional and local?
   c. Through which ministries, departments or agencies at each level of government does government spending occur?
   d. Is all lower-level government spending from its own resources or do they include transfers from a higher level of government?
   e. What interventions or actions do government contributions fund?
   f. Do government budgets have earmarked budget heads or line items to capture government disease spending?
   g. Is all government disease spending captured by earmarked budget heads or line items?
   h. When earmarked budget heads or line items are not available or if they do not capture all government disease spending, how is government spending reported?
   i. Are loans availed from international sources reported under government spending or under external funding?
   j. When funding from external sources is routed through government budgets, how are they accounted for?
   k. What are the data sources for the reported spending, which can be verified?
   l. Are there bottlenecks in budgeting, financial management, audit, or reporting systems that make it difficult for the country to report actual expenditure on disease programs?
   m. If there are bottlenecks hindering routine reporting of expenditure data, can they be addressed through support provided through grants?
      Has any support been provided by the Global Fund to improve expenditure reporting?

2. Data availability
   a. Is data on government spending on disease program reported to Global Fund through proposals and requests for continued funding and/or technical partners available?
   b. What does the reported government-spending figure represent?
      i. All or part of government spending
      ii. Earmarked disease spending only or do they include apportioned health system costs or estimates based on assumptions regarding proportion of human resources deployed, general health services utilized etc.
      iii. Recurrent programmatic spending or do they include capital investments also
      iv. Budget allocation, budget outturns, actual expenditure or estimates of spending based on historical trends
   c. Is data reported to Global Fund consistent across different periods of time and with that reported to partners? If not, are reasons for inconsistencies known?

4. Analysis of past spending:
   a. Based on historical data what has been actual spending compared to budget allocations and previous commitments
   b. Based on trends available from data on past spending, what is the likelihood of the country meeting the co-financing requirements in the next implementation period
   c. What activities/interventions did the government invest its resources in
d. Do trends of past government spending show a stable or increasing trend?
e. Is there a likelihood of skewing of government spending trends due to severe exchange rate fluctuations, intermittent capital investments etc.

5. Assessment of existing commitments:
   a. Nature of commitments- Are projections for future government spending realistic based on past spending trends? If not, are they based on official commitments either publically available or communicated to Global Fund
   b. Implications of country systems, macroeconomic, policy and financing context, in allocation of resources for health/disease programs; and,
   c. Likelihood of accessing allocation that is available as co-financing incentive.

5. Identifying priority areas for strategic country engagement for co-financing:
   a. Potential areas of additional domestic investments based on country context and requirements;
   b. Potential areas of take-over of existing Global Fund support which will free Global Fund resources to be reinvested in strategic areas;
   c. Assessment of where the country stands, vis-a-vis, regional strategy targets, if applicable.

B: Examples of actions to improve compliance with co-financing requirements
   i. Incorporating requirements for additional domestic investments within national planning processes such for national development plans, medium term budgeting and expenditure frameworks, national disease/health strategies, health sector development plans, budget cycle etc.;
   ii. Plans for utilizing debt relief proceeds or availing loans from agencies, such as the World Bank for the disease program and/or health sector;
   iii. Additional allocation to support specific high impact interventions from discretionary funds available to the government;
   iv. Actions to improve absorption and execution rates of allocated budget;
   v. Incorporating specific budget heads for earmarked allocation to disease program;
   vi. Strengthening systems for expenditure tracking;
   vii. Actions to improve routine reporting of government disease spending in official country documents and/or to technical partners.
Operational Policy Note

Grant Entity Data

Approved on: 11 November 2020, updated 16 March 2023
Approved by: Executive Grant Management Committee
Process Owner: Finance

Overall Objective

1. The grant entity data (GED) process\(^{267}\) enables the efficient and effective delivery of all grant life cycle processes through use of accurate and updated information on Coordinating Mechanisms (CM)\(^{268}\), Principal Recipients (PR)\(^{269}\), Local Fund Agents (LFA) and third-party organizations (Third Party). These are Global Fund partners that are actively engaged in the grant life cycle and collectively referred to as “Grant Entities” in this OPN.

2. The GED process is facilitated through the Global Fund Partner Portal, an online platform that serves as a central point of information entry and document sharing.

3. GED refers to the 16 data sets presented in the diagram below. These data sets are critical to the execution of grant life cycle processes and may have legal and/or grant funding implications (i.e., used in the preparation of legal documents and/or release of Grant Funds)

\(^{267}\) Formerly known as Master Data process.

\(^{268}\) Throughout this OPN, references to CM include any Country Coordinating Mechanism (with or without CCM Funding Recipient), Regional Coordinating Mechanism (RCM), Regional Organization (RO) or other applicants, as applicable. In addition, unless defined in this OPN or the context otherwise requires, all capitalized terms used in this OPN shall have the same meaning set out in the Global Fund Grant Regulations (2014). For terms not defined in the Global Fund Grant Regulations, please refer to Annex 1.

\(^{269}\) And Lead Implementer (LI), if applicable. LI arrangements are only applicable where a government implementer (such as the Ministry of Health) is not mandated to sign Grant Agreements per national laws or other reasons. In such cases, the mandated Government entity (such as the Ministry of Finance or Ministry of Foreign Affairs) signs the Grant Agreement as PR with the Government implementer (such as the Ministry of Health) acting as LI to lead grant implementation. LI arrangements do not change or waive the accountability and responsibilities of the PR for implementation of the grant under the terms of the relevant Grant Agreement. The LI role must be clarified in the Grant Agreement such as in the grant budget’s Summary Budget. If an LI has been selected for expenditure tracking purposes. Please consult with the Country Team Legal Counsel for appropriate wording to be included as an attachment to the Summary Budget.
4. The key steps for managing GED are presented in the following diagram:

A. Operational Policy

5. This Operational Policy Note (OPN) defines the principles, rules and requirements for the submission, review and validation, and data quality review of GED. It applies to country and multicountry portfolios and grants.

6. Guiding Principles
   i. **GED Responsibility and Accountability.** Grant Entities are the source of their respective GED\(^{270}\). They are responsible and accountable for the integrity and quality of the data that they provide to the Global Fund, which includes ensuring its accuracy, completeness and overall compliance with the requirements of this operational policy. Grant Entities are

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\(^{270}\) Under the Data Governance Committee Terms of Reference and the Information Data Regulations, these entities are the “Data Owners”.

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responsible for defining and creating, updating and managing their own information. Global PRs are also accountable for both their headquarters and country-level GED.

ii. **GED Protection and Privacy.** GED containing personal data which is submitted to the Global Fund is processed and stored in accordance with the Global Fund Privacy Statement and the Global Fund Personal Data Protection Regulations. These policies ensure the Global Fund abides by internationally recognized standards for protecting personal data. In turn, Grant Entities are responsible for processing personal data in compliance with the requirements on privacy and data protection contained in their contracts with the Global Fund.

iii. **GED Use.** Grant Entity Data is used, among other things, for the execution, monitoring and reporting of grant life cycle processes. The Global Fund Privacy Statement for Global Fund Grant Funding and Management Activities provides details on the various purposes for which GED may be used.

A. **SUBMIT GED**

7. The timely creation and updating of GED is crucial to support end-to-end grant life cycle processes, from funding request development to grant closure. This avoids unnecessary delays in preparing and signing grants, processing annual funding decisions and disbursements, among others. Annex 2 illustrates the use of GED across the whole grant life cycle. Grant Entities must take note of these milestones, and others listed in the respective grant life cycle Operational Policy Notes and Procedures and plan their GED creation or updates accordingly.

8. **Applicable Rules and Requirements.** All Grant Entities must ensure the quality of their GED (i.e. that all required information is complete and accurate with accompanying supporting documents) and that they comply with the applicable rules and requirements for creating and updating GED defined in Annex 3.

9. **Creation and Update.** Each Grant Entity owns and is responsible for creating or updating their GED. However, the Global Fund Secretariat undertakes the creation of new organization information in all cases as new organizations do not yet have access to the Global Fund Partner Portal.

10. Depending on the type, GED is created and updated through the Grant Operating System (GOS) GED Module, the Global Fund Partner Portal (GED Module) and/or the Global Fund System (GFS). Grant Entity Contacts with Access Rights to the Global Fund Partner Portal are required to enter a verification code when logging into the Global Fund Partner Portal (Multi-Factor Authentication) and must agree to the Partner Portal Terms of Use.

B. **REVIEW AND VALIDATED GED**

11. **Review.** All GED submitted by Grant Entities undergoes a review process by the Global Fund Secretariat to ensure appropriate checks have been performed on information to be used in grant life cycle processes. The Country Team may also ask the LFA to perform in-country verification of GED of PRs and CCM.

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271 Except in cases defined in Submit GED section of this OPN.
272 As defined in Annex 1.
273 As defined in Annex 1.
12. The review process focuses on ensuring data quality, specifically:

i. completeness of GED and supporting documents;
ii. accuracy of information against submitted supporting documents;
iii. and compliance with the GED requirements defined in this OPN.

13. **Validation.** Based on the review, GED will be validated by the following before being reflected in Global Fund systems:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Grant Entity Data</th>
<th>Validation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PR</strong></td>
<td>Organization Information</td>
<td><em>Creation of new organization and update of official name:</em> Financial Services Team</td>
</tr>
</tbody>
</table>
|        |                    | *Other organization updates:*  
|        |                    | o *Regular PR:* Country Team – Fund Portfolio Assistant or Analyst (FPA) or Program Officer (PO)  
|        |                    | o *Global PR:* PST Specialist or Associate Specialist |
|        | Banking Information | *Creation:* Finance Specialist or PST Specialist or Associate Specialist (Focused Portfolios and Global PRs) |
|        |                    | *Update / deactivation:* Financial Services Team |
|        | Contacts with Signatory Rights; Contacts with Notice Rights; and | Financial Services Team |
|        | Contacts with GED Access Rights | *Regular PR:* Country Team – FPA or PO |
|        | Contacts with Grant Deliverables Access Rights (Editor / Submitter) | *Global PR:* PST Specialist or Associate Specialist |
| **CM** | Organization information | *Creation of a new CM organization and updates:* CCM Hub |
|        | Contacts with Signatory Rights | *New Chair / Vice Chair / acknowledgment signatories and update of critical fields*  
|        | | *for existing Chair / Vice Chair / acknowledgment signatories:* CCM Hub |
|        | | *Update of existing Chair / Vice Chair / acknowledgment signatories without critical fields edited:* Country Team – FPA or PO |
|        | Contacts with GED Access Rights | CCM Hub |
| **LFA** | Organization information | LFA Coordination Team |
|        | Contacts with Signatory and Notice Rights | |

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274 And Li, if applicable.  
LI GED (Organization Information, Contacts with Notice Rights, Contacts with GED Access Rights and Contacts with Grant Deliverables Access Rights (Editors and Submitters) follows the validation process for Regular PRs.  
275 First Name, Last Name, Role, Recipient Status
C. INTEGRITY DUE DILIGENCE
14. In parallel with the review and validation process described above, the Global Fund Secretariat screens all Grant Entities against (a) international terrorism and (b) sanctions lists. The due diligence review is focused on screening of organization, banking information and contacts data against these lists. The Essential Due Diligence Procedure provides an overview of the process.

D. DATA QUALITY REVIEW
15. Data Quality. To ensure data quality, Grant Entities must undertake a regular (at least annual) comprehensive review and clean-up of their GED focusing on ensuring completeness, accuracy and compliance with GED requirements as well as removing duplicate records or outdated GED. In addition, the Global Fund will carry out a regular data check and cleansing exercise.

16. Deactivate GED. Where a GED record has expired or is no longer valid, it will be deactivated and archived by the Global Fund in accordance with the applicable Global Fund regulations on information and data (as amended from time to time). Depending on the type of GED, the deactivation process can be initiated by Grant Entities. Annex 5 defines the scenarios and approaches for deactivation of GED records.

B. Specific Multicountry Considerations

17. The standard approach defined above also applies to multicountry portfolios and grants. The Global Fund’s Portfolio Services Team (PST) is responsible for the internal review of GED relating to Global PRs.
Annex 1. Definition of Terms

1. **Third Party Organization (Third Party):** A Supplier of services or goods who may receive direct disbursements of Grant Funds from the Global Fund. The Direct disbursements may either be requested by the PR or mandated by the Global Fund Secretariat in accordance with the OPN on Annual Funding Decisions and Disbursements.

2. **Global PRs:** refer to (i) all “United Nations” organizations, and (ii) “other Multilateral Organizations”, “International Non-Government Organizations” and “International Faith-based Organizations” implementing in more than one country or multicountry. See Annex 4 of this OPN for the Global Fund categorization of implementers.

3. **Organization information:** refers to information about the organization to be captured in the legally-binding documents for the successful execution of grant lifecycle processes (such as official name, address and legal / disbursement signatories).

4. **Banking Information:** provides details of the bank account that will be used to receive disbursements from the Global Fund (such as Bank Account Number, Account Holder Name, Legal Owner of the Bank account, SWIFT/ABA (where applicable) and IBAN (where applicable).

5. **Contacts with Signatory Rights:** refer to persons that are duly authorized by the organization to sign or acknowledge legally-binding documents and/or to sign disbursement requests.

6. **Contacts with Notice Rights:** refer to the persons that will serve as the contact point for Global Fund notices regarding contractual matters (as per the terms of the relevant Grant Agreement) and/or grant or portfolio-specific correspondences.

7. **Contact with GED Access Rights:** refers to the person that will have access to the Global Fund Partner Portal to manage GED.

8. **Contact with Grant Deliverables Access Rights – Editor:277** Contacts responsible for accessing, completing, and attaching grant deliverables (e.g., grant-making, pulse checks, PU/DRs) and any supporting documents through the Partner Portal. Editor rights are assigned per grant / portfolio, and one contact can be Editor for either one or multiple grants / portfolios.

9. **Contact with Grant Deliverables Access Rights – Submitter279:** Contacts responsible for submitting grant deliverables (e.g., grant-making, pulse checks, PU/DRs) to the Global Fund through the Partner Portal, in addition to having Editor rights (access, complete and attach).

10. **Personal Data:** means any information relating to a natural person who can be identified by such data, from such data and other information, or by means reasonably likely to be used related to such data. This can include biographical data, such as name, sex, marital status, date and place of birth, country of origin, country of asylum, individual registration number,

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277 Editors are expected to be PR staff and LFA members who work on Global Fund grant deliverables, such as PR specialists in public health, finance or procurement & supply chain management or disease managers responsible for overseeing specific grants, and LFA team members.
278 PR roles are assigned per grant, LFA roles per portfolio.
279 Submitters are expected to be those PR staff and LFA members with authority to submit final grant deliverables to the Global Fund, such as the PR program or grant manager, or LFA focal point.
identification number, occupation, religion, ethnicity, sexual orientation, biometric data such as a photograph, fingerprint, facial or iris image, location data, an online identifier, or information that is linked specifically to the physical, physiological, genetic, mental, economic, cultural or social identity of the person.
Annex 2. Illustrative graph visual indicating the importance of GED across the Grant Life Cycle

Grant Entity Data (GED) is foundational to the Grant Life Cycle (GLC)

* PF and LFA Editors and Submitters are responsible for accessing, completing, attaching and/or submitting grant deliverables for Grant-making and PR Reporting (P/J/DK and Pulse Checks) processes.*

* GCT: Grant Continuation Table. It is generated from GCS and attached to the GLC where amendments to the GCT are required.*

* For existing PRs, grants can be created after the PR is submitted for TRP Review.

* GCT and LFA Membership lists are used throughout the Grant Life Cycle.
# Annex 3. Rules and Requirements on creating or updating GED

## 1. Organization Information

<table>
<thead>
<tr>
<th>Required Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
</tr>
</thead>
</table>
| Official and/or Legal name of the organization            | PR, CM, LFA, Third Party | - Must be the organization name that appears in official or legal documents.  
- PR (and LI if applicable), LFA and Third-Party official name must be in English.  
- For CM, the official name can be in one of the Global Fund official languages, however the CM organization short name must be in English. |
| Official Address of the Organization                      |               | All entities (except Third Party):  
- Completed Organization Information Form[^282] EN | ES | FR  
- Documentary evidence such as certificate of incorporation, Articles of Association, registration certificate or trust deed[^283]  
- LI, if applicable (in addition to the above): Written document from the PR indicating the organization to be specified as the LI  
- CM (in addition to the above): Meeting minutes, email exchange or official letters may be attached. |
| Type and sub-type of Organization                         | PR, CM        | Third Party - Supplier Information  
(To be continued on next page) |

[^280]: And LI, if applicable.

[^281]: The official name of an organization is the name that appears on all official or legal documents, such as registrations, constitutional documents and contracts. The organization should provide the document(s) which evidences its official name as part of submission of the signatory authority letter (e.g., Certificate of Incorporation, Articles of Association, registration certificate or trust deed) or a letter signed by an authorized person of the organization confirming the official name. The official name should be specified in English. If the Principal Recipient is proposing to use a non-English official name for Global Fund GED purposes (e.g., French or Spanish), the Country Team should consult with Legal Counsel.

[^282]: Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

[^283]: This is only applicable if the CM is a legal entity. If the CM is not a legal entity, then these documents are provided by the Funding Recipient; and please consult with Legal Counsel in case of further queries.
# 1. Organization Information

<table>
<thead>
<tr>
<th>Required Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
<th>Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization short name: organization name as per Global Fund standard terminology</td>
<td>PR, CM, LFA, Third Party</td>
<td>Organization short name must be aligned with the following: - PR (and LI if applicable) &amp; LFA: Organization acronym and Country name (i.e., ‘MOH Bangladesh’ or ‘UNDP Sudan’, ‘PwC Kenya’) - CM: CM type and Country name (i.e., CCM Indonesia) - In creating the acronym of the organization’s official name, the first letter of each word must be used up to a maximum of 7 letters. For example, for the Secrétariat Exécutif Permanent du Conseil National de Lutte contre le SIDA, the abbreviation is SEPCNLS.</td>
<td>(Continuation from previous page) <strong>Third Party - Supplier Information</strong> - A Supplier Creation Form completed by the Third Party; - A Third Party bank letter completed by the beneficiary’s bank on letterhead using the <a href="#">Third party bank letter template</a>; - LFA Verification or an affirmative confirmation with Third Party supplier - Formalized assurance of due diligence performed by the Country Team to be provided by Finance Specialist/Regional Finance Manager - Communication from PR requesting Global Fund to process direct disbursements to third party; - Signed agreement between third party and PR or Global Fund; - Invoice from Third Party with full name and bank details (if possible) <em>(To be continued on next page)</em> <em>(Continuation from previous page)</em></td>
</tr>
<tr>
<td>Preferred communication language<em>284</em></td>
<td>PR, CM</td>
<td>- English, French or Spanish</td>
<td><em>(Continuation from previous page)</em></td>
</tr>
<tr>
<td>Organization Grant Abbreviation (PR only)</td>
<td>PR</td>
<td>- Acronym of the official name of the organization which will be used in creating the grant name</td>
<td><em>(Continuation from previous page)</em></td>
</tr>
<tr>
<td>Focal point<em>285</em> contact details: - Salutation, First name, Last name, Job title (PR and LI if applicable), Role (CM), Email address</td>
<td>PR, CM</td>
<td>- In case of new organization creation only - Contact Email Address: contacts have to use a unique official/business email address, but in cases where this is not possible, a unique alternate email address can be provided</td>
<td><em>(Continuation from previous page)</em></td>
</tr>
</tbody>
</table>

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*284* The selected preferred communication language will be considered by the Global Fund where applicable. However, not all communications with the Global Fund may be in the preferred communication language.

*285* First contact point for the organization. This contact is also the first contact with access rights to the Global Fund Partner Portal (Grant Entity Data module) and duly authorized to represent and act on behalf of the organization with respect to the Global Fund Partner Portal.
### Third Party – Linking with PR
- Invoice from Third Party with full name and bank details (if possible)
- A Third Party bank letter completed by the beneficiary’s bank on letterhead using the Third party bank letter template;

#### 2. Bank Information

<table>
<thead>
<tr>
<th>Required Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
<th>Supporting Documents</th>
</tr>
</thead>
</table>
| **Bank Name (Full legal name)** | PR | CM | LFA | Third Party | - Registered name of the final bank where beneficiary’s account is held  
- Bank must be cleared following anti-terrorism screening |
| **Bank Full Address** | ✓ | | | ✓ | - The full postal address and location of bank (including country) |
| **Bank Account Name** | ✓ | | | ✓ | - The exact name of the beneficiary of the bank account as held by the bank |
| **Bank Account Holder Name** | ✓ | | | ✓ | - Legal Owner/Beneficiary Name of the bank account  
- Account holder must be the organization and not an individual  
- Account holder’s address must be the same as the organization’s registered address |
| **Bank Account Number** | ✓ | | | ✓ | - Account number held at beneficiary’s bank which is to be credited  
- For PR: only one bank account per grant |
| **Bank Account Currency** | ✓ | | | ✓ | - Currency in which account is held |

**PR:**
- Official Letter from the Bank providing the bank account details including the name and contact information (telephone number and/or email address) of the bank manager for verification of the details.  
  - PR Bank Information Template [EN] [ES] [FR]  
  - PR notification to the bank manager authorizing the bank to provide the Global Fund or LFA information required as part of the verification process.  
  - Additional information and security code required for the authentication process
## 2. Bank Information

<table>
<thead>
<tr>
<th>Required Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
<th>Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PR</td>
<td>CM</td>
<td>LFA</td>
</tr>
<tr>
<td><strong>SWIFT/BIC code (mandatory)</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>IBAN (International Bank Account Number)</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>ABA: American Bankers Association routing transit number</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Special Instructions:</strong> Some banks in certain countries may require specific instructions in order to credit funds to the beneficiary’s account.</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Bank Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
<th>Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PR</td>
<td>CM</td>
<td>LFA</td>
</tr>
<tr>
<td><strong>Routing Instructions:</strong> Some beneficiary banks can receive fund transfers only**</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
through a third bank, also called intermediary or pay through bank. The following details will then be required:
• Intermediary Bank Name
• Intermediary Bank Country
• Intermediary Bank SWIFT (if applicable)
• Intermediary Bank IBAN (if applicable)
• Intermediary Bank Account Number (if applicable) This is the account number of the beneficiary’s bank with the intermediary bank

3. Contacts with Signatory and/or Notice rights

3.a. Authorized Signatory for Legally-Binding Documents

<table>
<thead>
<tr>
<th>Required Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
<th>Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full name of the Signatory</td>
<td>✔️</td>
<td>✔️</td>
<td>PR:</td>
</tr>
<tr>
<td>Required Information</td>
<td>Applicable To</td>
<td>Applicable Rules</td>
<td>Supporting Documents</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>PR</td>
<td>CM</td>
<td>LFA</td>
</tr>
</tbody>
</table>
| Full name of the Signatory           | ✓  | ✓  |     |                                             | - At least the Program/Project Manager or Finance Manager                             | - PR Signatory Authority Letter<sup>286</sup>  
|                                      |               |   |     |                                             | - At least 1 Primary and 1 Secondary signatory must be nominated                      | EN | ES | FR |
| Official job title in the organization | ✓  | ✓  |     |                                             | - At least 1 Primary and 1 Secondary signatory must be nominated                      | - PR Signatory Authority Letter<sup>286</sup>  
|                                      |               |   |     |                                             |                                                                                       | EN | ES | FR |

<sup>286</sup> Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

<sup>287</sup> Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.
### 3.c Organization Representative for Notices

<table>
<thead>
<tr>
<th>Required Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
<th>Supporting Documents</th>
</tr>
</thead>
</table>
| **Full name of Organization Representative for Notices** | PR 288        | PR:                                                                             | - PR Signatory Authority Letter<sup>289</sup>  
<sup>EN | ES | FR</sup>                                                                 |
| Official job title in the organization             | CM            | LFA:                                                                            | - LFA: Email providing the required information                                         |
| Email address                                      | LFA           |                                                                                 | - LI (if applicable): Completed Global Fund Template to appoint Secondary Organization Representative for Notices<sup>290</sup>  
<sup>EN | ES | FR</sup>                                                                 |
|                                                         | Third Party   |                                                                                 |                                                                                        |

Contacts have to use a unique official/business email address, but in cases where this is not possible, a unique alternate email address can be provided.

### 4. Contacts with Global Fund Partner Portal (GED Module) Access Rights

<table>
<thead>
<tr>
<th>Required Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
<th>Supporting Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full name of the Contact</strong></td>
<td>PR 291</td>
<td>PR (and LI if applicable) and LFA contacts responsible for GED management</td>
<td>All Entities:</td>
</tr>
<tr>
<td></td>
<td>CM</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LFA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Third Party</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

<sup>288</sup> And LI, if applicable (see footnote 3).

<sup>289</sup> Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

<sup>290</sup> Ibid.

<sup>291</sup> And LI, if applicable (see footnote 3).
Official job title in the organization

- 1 Primary and 1 Alternate in addition to the Focal Point contact created alongside a new organization

CM:
- Admin focal points responsible for GED management for the CM

A contact may have GED Portal access rights for multiple organizations only for the following cases:
  - A contact is the admin focal point for a PR and also for the CM
  - An LFA contact working for multiple LFA organizations

Email address

Contacts have to use a unique official/business email address, but in cases where this is not possible, a unique alternate email address can be provided

5. Contacts with Grant Deliverables Access Rights (Editor / Submitter)

<table>
<thead>
<tr>
<th>Required Information</th>
<th>Applicable To</th>
<th>Applicable Rules</th>
<th>Supporting Documents</th>
</tr>
</thead>
</table>
|                      | PR | CM | LFA | Third Party | PR (and LI if applicable) and LFA contacts responsible for submitting grant deliverables (e.g., Pulse Checks, PU/DRs)
- At a minimum, each grant / portfolio is required to have one Submitter. It is recommended to have two submitters per grant / portfolio, but no more.
- Editor rights are assigned per grant / portfolio, and one contact can be Editor | Submitter Authorization Template
| Full name of the Contact | ✓ | ✓ | ✓ | An authorization letter is not required for Editor contacts. |

<table>
<thead>
<tr>
<th>Grant(s) / portfolio(s) to which contacts are assigned</th>
<th>Supporting Documents</th>
</tr>
</thead>
</table>
| PR²⁹³, CM, LFA, Third Party | Submitter Authorization Template

²⁹² Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²⁹³ And LI, if applicable (see footnote 3).
for either one or multiple grants / portfolios.

| Full grant name | ✓ |
| Full portfolio name | ✓ |

### Annex 4. Global Fund Categorization of Implementers

This annex presents the approach used by the Global Fund in categorizing implementers according to organizational types and sub-types (this approach may be amended or adapted depending on the circumstances, from time-to-time). Please refer to this document for the categorization of organizations that are currently implementing Global Fund grants.

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Organization Sub-type</th>
<th>International / Local Sub-type Distinction (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Society Organization (CSO)</td>
<td><strong>Community Based Organization (CBO):</strong> CBOs are those organizations that have arisen within a community in response to particular needs or challenges and are locally organized by community members (CSS Technical Brief, 2019).</td>
<td>N/A</td>
</tr>
<tr>
<td>Community-led organizations (CLO)</td>
<td>Groups, and networks, irrespective of their legal status (whether formally or informally organized), are entities for which the majority of governance, leadership, staff, spokespeople, membership and volunteers, reflect and represent the experiences, perspectives, and voices of their constituencies and who have transparent mechanisms of accountability to their constituencies. Community-led organizations, groups, and networks are self-determining and autonomous, and not influenced by government, commercial, or donor agendas. Not all community-based organizations are community led (UNAIDS PCB, 2021).</td>
<td>N/A</td>
</tr>
</tbody>
</table>

---

294 As a specific organization may fall within one or more categories, at any point in time and be categorized for various reporting and other purposes, please consult with the Operational Efficiency Team for any changes or proposed changes to the categorization for any specific organization under this Annex.
<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Organization Sub-type</th>
<th>International / Local Sub-type Distinction (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Governmental Organization (NGO):</strong> An Organization which is independent of government involvement is known as a non-governmental organization or NGOs or non-government organizations. NGOs are a subgroup of organizations founded by citizens, which include clubs and associations providing services to its members and others. They are usually non-profit organizations. Many NGOs are active in humanitarianism or the social sciences, at local and international level.</td>
<td><strong>International Non-Governmental Organizations (INTNGO):</strong> NGOs with global presence spanning across countries. <strong>Local Non-Governmental Organizations (LOCNGO):</strong> NGOs with mostly domestic presence (in-country).</td>
<td></td>
</tr>
<tr>
<td><strong>Faith-Based Organization (FBO):</strong> An Organization that has values based on faith and/or beliefs. It has a mission based on social values of the particular faith; and most often draws its activists (leaders, staff, volunteers) from a particular faith group. The faith relating to the FBO does not have to be academically classified as religion. Faith-based organizations are grass-root organizations active locally but also on an international scale.</td>
<td><strong>International Faith-Based Organization (INTFBO):</strong> FBOs with global presence spanning across countries. <strong>Local Faith-Based Organization (LOCFBO):</strong> FBOs with mostly domestic presence (in-country).</td>
<td></td>
</tr>
<tr>
<td><strong>Multilateral Organization (MO):</strong> Organizations formed by three or more nations to work on relevant cross-cutting issues. An MO can fund its projects by receiving funding from multiple governments.</td>
<td><strong>United Nations (UN):</strong> All UN organizations / agencies, such as UNDP, UNICEF, UNOPS, and IOM. N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Others (OTH):</strong> Mos that are non-UN, such as International Bank for Reconstruction and Development (IBRD), Inter-American Development Bank (IDB), Caribbean Community Secretariat (CARICOM)</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Governmental Organization (GOV):</strong> Public or nationally owned branch of government.</td>
<td><strong>Ministry of Health (MOH) (including other governmental organizations which report to the Minister of Health)</strong> N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Ministry of Finance (MOF)</strong> N/A</td>
<td><strong>Other – Governmental Organizations (OTH):</strong> Any other governmental organization, which is different from MOH and MOF. N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Private Sector (PS):</strong> Businesses or entity owned, financed and/or controlled by private individuals, and not government. The main goal of most private sector organizations are to make a profit.</td>
<td><strong>International Private Sector (INTPS):</strong> Private Sector entity that is operational in more than one country. <strong>Local Private Sector (LOCPS):</strong> Private Sector entity that is legally registered and operational in one country only.</td>
<td></td>
</tr>
</tbody>
</table>
Annex 5. Rules for deactivation of GED in Global Fund Systems

<table>
<thead>
<tr>
<th>Impacted GED</th>
<th>When to Deactivate?</th>
<th>Who can Deactivate?</th>
<th>Supporting Documents (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deactivation of GED are due to replacement of bank account and/or contacts. Deactivation can be completed by relevant Grant Entity following Global Fund Secretariat approval of the change request.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>Banking Information</td>
<td>Immediately when there is a change in PR banking details</td>
<td>PR Contact with GED Access Rights</td>
</tr>
<tr>
<td>- Contacts with Signatory and Notice Rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Contacts with GED Access Rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Contacts with Grant Deliverables Access Rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CM</td>
<td>- Contacts with Signatory Rights</td>
<td>Immediately when there is a CM decision to change the Signatory or Partner Portal Access contact(s)</td>
<td>CM Contact with GED Access Rights</td>
</tr>
<tr>
<td>- Contacts with GED Access Rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LFA</td>
<td>- Contacts with Signatory and Notice Rights</td>
<td>Immediately when there is a LFA decision to change the Signatory, Notice or GED Access contact(s)</td>
<td>LFA Contact with GED Access Rights</td>
</tr>
<tr>
<td>- Contacts with GED Access Rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Contacts with Grant Deliverables Access Rights</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

295 And for LI, if applicable. The LI contact with GED Access Right is responsible for raising the contact deactivation change request via the GED Module in the Global Fund Partner Portal.

296 And for LI, if applicable. The Alternate LI contact with GED Access Right is responsible for raising the contact deactivation change request via the GED Module in the Global Fund Partner Portal.
### Third Party Banking Information

Immediately when there is a change in Third Party bank account

<table>
<thead>
<tr>
<th>Country Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>- ServiceNow ticket to deactivate old record</td>
</tr>
<tr>
<td>- In case of account closure, letter from the bank confirming closure of the bank account or for other situations, letter from Third Party</td>
</tr>
</tbody>
</table>

---

**Change History**

<table>
<thead>
<tr>
<th>No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EGMC</td>
<td>Original Version</td>
<td>11 Nov 2020</td>
<td>1.0</td>
</tr>
</tbody>
</table>
| 2   | Head, Grant Management Division (EGMC Chair) | • Included reference to the Multi-Factor Authentication process, as a new feature for accessing the Global Fund Partner Portal  
• Updated Management of Exceptions section to capture additional cases where the Global Fund allows Country Teams or LFA Coordination Team to raise change requests on behalf of Grant Entities (applies to internal version only) | 26 May 2021 | 1.1        |
| 3   | Head, Grant Management Division (EGMC Chair)  
Chief Finance Officer (as Head, Business Process Owner) | Removal of differentiation of roles on management of change requests of PR and Coordinating Mechanisms, and general clean-up to align with Finance and Administration Division structure.  
Revised Annex 4 to update definition for Community Based Organization (CBO) to align it with CSS | 17 August 2022 | 1.2        |
|   | Head, Grant Management Division (EGMC Chair) Chief Finance Officer (as Head, Business Process Owner) | Technical Brief, 2019 and inclusion of new organization sub-type Community-led organizations (CLO) | Added definitions requirements on Contacts with Grant Deliverables Access Rights (Editor / Submitter) | 16 March 2023 | 1.3 |
Grant Entity Data

Approved on: 11 November 2020, last updated 16 March 2023
Approved by: Executive Grant Management Committee
Process Owner: Finance
Associated OPN: OPN on Grant Entity Data

Key Operational Policies:

- OPN on Grant Entity Data
- GED Process Maps and High-level RACI

Purpose

18. This document provides procedural guidance on Grant Entity Data (GED) submission, review, validation, and data quality review.

19. The key steps in managing the GED process are captured in the following diagram.
20. Depending on the applicable GED type, Country Teams and other relevant stakeholders can refer to the relevant section of this Operational Procedures below:
   - Section A: Principal Recipient (PR) Information
   - Section B: Coordinating Mechanism (CM) Information
   - Section C: Local Fund Agent (LFA) Information
   - Section D: Third Party Information
   - Section E: Management of Exceptions
   - Section F: Monitoring and Reporting

21. Sections A-D describes the data quality review and validation that are undertaken by the Secretariat on GED. The review process focuses on ensuring data quality, specifically:
   i. completeness of GED and supporting documents;
   ii. accuracy of information against submitted supporting documents; and
   iii. compliance with the GED requirements defined in the GED OPN.

22. **Integrity Due Diligence.** In parallel with the review and validation, the Global Fund Ethics Office screens all Grant Entities against relevant (a) international terrorism and (b) sanctions lists. The due diligence review is focused on screening of organization, banking information and contacts data against these lists. The Essential Due Diligence Procedure provides an overview of the process. Essential Due Diligence screening will be undertaken daily. If a change request is required to be completed with urgency (i.e., end-to-end completion within 24 hours), the Global Fund Ethics Office must be informed by the Country Team as early as possible to conduct a manual screening, before the change request process is completed.

---

297 And Lead Implementer (LI), if applicable. LI arrangements are only applicable where a Government implementer (such as the Ministry of Health) is not mandated to sign Grant Agreements per national laws or other reasons. In such cases, the mandated Government entity (such as the Ministry of Finance or Ministry of Foreign Affairs) signs the Grant Agreement as PR with the Government implementer (such as the Ministry of Health) acting as LI to lead grant implementation. This assignment does not change or waive the accountability and responsibilities of the PR for implementation of the grant under the terms of the relevant Grant Agreement. LI role must be clarified when referred to in the Grant Agreement such as in the grant budgets Summary Budget if an LI has been selected for expenditure tracking purposes. Please consult with the Country Team Legal Counsel for appropriate wording to be included as an attachment to the Summary Budget.
### C. Principal Recipient Information

1. **PR Organization Information**

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create New Organization Information&lt;sup&gt;298&lt;/sup&gt; &lt;br&gt;See OPN Annex 3 on required supporting documents</td>
<td>As soon as new PR has been agreed, PR must submit the essential GED details and a GED record is created in the Global Fund systems</td>
<td>Submitted by: PR submits Organization Information Form and required supporting documents to the Country Team through email &lt;br&gt;Reviewed by: - Fund Portfolio Analyst/Assistant (FPA) or Program Officer (PO) reviews data quality and enters GED in GOS Grant Creation module &lt;br&gt; - Prior to creation, FPA or PO may request LFA review, if needed &lt;br&gt; - Legal Counsel reviews PR’s official name and capacity to enter into legal relationships (e.g., Grant Agreements) based on Organization Information Form &lt;br&gt;Validated by: Financial Services Team performs duplicate check, reviews data quality and validates based on above.</td>
</tr>
<tr>
<td>Update Organization Information&lt;sup&gt;300&lt;/sup&gt; &lt;br&gt;See OPN Annex 3 on required supporting documents</td>
<td>Immediately when changes have been identified</td>
<td>Submitted by: &lt;br&gt;- <strong>Regular PR</strong>: Contact with GED Access Rights enters updates and supporting documents via Partner Portal (GED module) &lt;br&gt;- <strong>Global PR</strong>: Headquarters (HQ) or Country Office (CO) Contact with GED Access Rights undertakes the above. HQ Contact will be able to see and edit both HQ and CO GED. CO Contact can only edit CO GED.</td>
</tr>
</tbody>
</table>

---

<sup>298</sup> Also applicable to Lead Implementers (if relevant). The process for Regular PRs is followed.<br>
<sup>299</sup> Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.<br>
<sup>300</sup> Also applicable to Lead Implementers (if relevant). The process for Regular PRs is followed.<br>
<sup>301</sup> Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.
<table>
<thead>
<tr>
<th>Changes in Organization Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed by:</td>
</tr>
<tr>
<td><strong>Regular PR:</strong></td>
</tr>
<tr>
<td>- FPA or PO reviews data quality</td>
</tr>
<tr>
<td>- Legal Counsel reviews official name of PR based on updated Organization Information Form</td>
</tr>
<tr>
<td><strong>Global PR:</strong></td>
</tr>
<tr>
<td>- PST Specialist or Associate Specialist reviews data quality</td>
</tr>
<tr>
<td>- Legal Counsel reviews based on updated Organization Information Form. Legal Counsel may also request the LFA verification(^{302}) of the PR organization information.</td>
</tr>
<tr>
<td>Validated by:</td>
</tr>
<tr>
<td>Financial Services Team reviews data quality and validates based on the above</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Changes to PR Organization Information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed and Validated by:</td>
</tr>
<tr>
<td><strong>Regular PR:</strong></td>
</tr>
<tr>
<td>- FPA or PO reviews data quality and validates based on the above</td>
</tr>
<tr>
<td><strong>Global PR:</strong></td>
</tr>
<tr>
<td>- PST Specialist or Associate Specialist reviews data quality and validates(^{303}) based on the above</td>
</tr>
</tbody>
</table>

---

\(^{302}\) If LFA verification is requested following Legal Counsel review, the Legal Counsel notifies the FPM or PO (as applicable) to arrange for the LFA verification. Once received, the Legal Counsel attaches evidence of the LFA verification in GOS.

\(^{303}\) Where a Global PR is a PR for a multi country grant not under PST oversight, the PST review will be based on the relevant FPA/PO or FPM recommendation. PST will coordinate with relevant FPMs or FPAs/POs accordingly. This applies to all cases where PST review and/or validation is required.
## 2. PR Banking Information

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create/Update/Deactivate PR Banking Information</td>
<td>Creation: at least 30 days before actual GAC date</td>
<td>Submitted by:</td>
</tr>
<tr>
<td>See OPN Annex 3 (create/update) and Annex 5 (deactivate) on required supporting documents</td>
<td>Update/Deactivation: immediately when there is a change in PR banking details</td>
<td>- Regular PR: Contact with GED Access Rights submits GED and supporting document via Partner Portal (GED module)</td>
</tr>
<tr>
<td>Template: - Bank Information Form</td>
<td></td>
<td>- Global PR: Headquarters or Country Office (CO) Contacts with GED Access Rights undertakes the above. HQ Contact will be able to see and edit both HQ and CO GED. CO Contact can only edit CO GED.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reviewed by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Finance Specialist or PST Specialist/ Associate Specialist (Focused portfolios and Global PRs) reviews data quality, as well as the authenticity of the request</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- LFA verifies new or updates to bank information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Financial Services Team reviews data quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Validated by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Creation: Finance Specialist or PST Specialist / Associate Specialist (Focused portfolios and Global PRs) validates based on the above and select banking details in GOS.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Update and deactivation: Financial Services Team validates based on the above.</td>
</tr>
</tbody>
</table>

## 3. PR Contacts with Signatory Rights

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create or Update PR Contacts with Signatory Rights</td>
<td>Create/update at least 30 days before actual GAC date</td>
<td>Submitted by:</td>
</tr>
<tr>
<td>See OPN Annex 3 on required supporting documents</td>
<td></td>
<td>- Regular PR: Contact with GED Access Rights enters information, including supporting documents via the Partner Portal (GED module)</td>
</tr>
<tr>
<td>Template:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR Signatory Authority Letter (two versions)³⁰⁴</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immediately update if there are changes during grant implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Global PR: Headquarters or Country Office Contacts with GED Access Rights undertakes the above. HQ Contact will be able to see and edit both HQ and CO GED. CO Contact can only edit CO GED.</td>
</tr>
</tbody>
</table>

Reviewed by:
- Regular PR: FPA or PO reviews data quality
- Global PR: PST Specialist / Associate Specialist reviews³⁰⁵ data quality
- Legal Counsel reviews signatory authorization in accordance with PR Signatory Authority Letter. Legal Counsel may also request the LFA verification³⁰⁶ of PR signatory information.

Validated by:
Financial Services Team performs duplicate check, reviews data quality and validates based on the above.

<table>
<thead>
<tr>
<th>Deactivate Contact or Reduce Contact Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>See OPN Annex 5 on required supporting documents (if applicable)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Immediately when there is a PR decision to change the signatory contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submitted by:</td>
</tr>
</tbody>
</table>
- Regular PR: Contact with GED Access Rights submits request to deactivate old record or update contact rights (before submission of new contact) including supporting documents via Partner Portal (GED module)
- Global PR: Headquarters or Country Office Contact with GED Access Rights undertakes the above. HQ Contact will be able to see and edit both HQ and CO GED. CO Contact can only edit CO GED.

Reviewed and Validated by:

³⁰⁴ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

³⁰⁵ Where a Global PR is a PR for a multi-country grant not under PST oversight, the PST review will be based on the relevant FPA/PO or FPM recommendation. PST will coordinate with relevant FPMs or FPAs/POs accordingly. This applies to all cases where PST review and/or validation is required.

³⁰⁶ If LFA verification is requested following Legal Counsel review, the Legal Counsel notifies the FPM or PO (as applicable) to arrange for the LFA verification. Once received, the Legal Counsel attaches evidence of the LFA verification in GOS.
4. PR Contacts with Notice Rights

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create or Update Contacts with Notice Rights 307</td>
<td>Create/update at least 30 days before actual GAC date</td>
<td>Submitted by:</td>
</tr>
<tr>
<td>See OPN Annex 3 on required supporting documents</td>
<td>Immediately update if there are changes during grant implementation</td>
<td>- <strong>Regular PR</strong>: Contact with GED Access Rights enters GED including supporting documents via Partner Portal (GED module)</td>
</tr>
<tr>
<td>Template:</td>
<td></td>
<td>- <strong>Global PR</strong>: Headquarters or Country Office Contacts with GED Access Rights undertakes the above. HQ Contact will be able to see and edit both HQ and CO GED. CO Contact can only edit CO GED.</td>
</tr>
<tr>
<td>- PR Signatory Authority Letter 308 EN</td>
<td></td>
<td>Reviewed by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- <strong>Regular PR</strong>: FPA or PO reviews data quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- <strong>Global PR</strong>: PST Specialist / Associate Specialist reviews data quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Validated by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Financial Services Team performs duplicate check, reviews data quality and validates based on the above</td>
</tr>
<tr>
<td>Deactivate PR Contact or Reduce Contact Rights 309</td>
<td>Immediately when there is a PR decision to change the contact for notices</td>
<td>Submitted by:</td>
</tr>
<tr>
<td>See OPN Annex 5 on required supporting documents (if applicable)</td>
<td></td>
<td>- <strong>Regular PR</strong>: Contact with GED Access Rights submits request to deactivate old record or update contact rights (before submission of new contact) via Partner Portal (GED module)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- <strong>Global PR</strong>: Headquarters or Country Office Contacts with GED Access Rights undertakes the above.</td>
</tr>
</tbody>
</table>

307 Also applicable to Lead Implementers. The process for Regular PRs is followed.
308 Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.
309 Also applicable to Lead Implementers. The process for Regular PRs is followed.
5. PR Contacts Partner Portal Access Rights (GED Module)

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create /Update PR Contacts with Partner Portal Access Rights³¹⁰</td>
<td>Create/update at least 30 days before actual GAC date</td>
<td>Submitted by:</td>
</tr>
<tr>
<td>See OPN Annex 3 on required supporting documents</td>
<td>Immediately update if there are changes during grant implementation</td>
<td>- Regular PR: Contact with GED Access Rights enters GED including supporting documents via Partner Portal (GED module)</td>
</tr>
<tr>
<td>Template:</td>
<td></td>
<td>- Global PR: Headquarters or Country Office Contacts with GED Access Rights undertakes the above. HQ Contact will be able to see and edit both HQ and CO GED. CO Contact can only edit CO GED.</td>
</tr>
<tr>
<td>- Global Fund Portal Access Rights template³¹¹</td>
<td></td>
<td>Reviewed and Validated by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Regular PR: FPA or PO reviews data quality and validates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Global PR: PST Specialist / Associate Specialist reviews data quality and validates</td>
</tr>
<tr>
<td>Deactivate PR Contact or Reduce Contact rights³¹²</td>
<td>Immediately when there is a PR decision to change the contact with Partner Portal access</td>
<td>Submitted by:</td>
</tr>
<tr>
<td>See OPN Annex 5 on required supporting documents (if applicable)</td>
<td></td>
<td>- Regular PR: Contact with GED Access Rights submits request to deactivate old record or update contact rights (before submission of new contact) including supporting documents through Partner Portal (GED module)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Global PR: Headquarters or Country Office Contacts with GED</td>
</tr>
</tbody>
</table>

³¹⁰ Ibid.
³¹¹ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.
³¹² Also applicable to Lead Implementers. The process for Regular PRs is followed.
6. PR Contacts with Grant Deliverables Access Rights (Editor / Submitter)

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create / Update PR Contacts with Grant Deliverables Access Rights (Editor / Submitter)</td>
<td>Create/update at least 30 days before actual GAC date.</td>
<td>Submitted by:</td>
</tr>
<tr>
<td>See OPN Annex 3 on required supporting documents</td>
<td></td>
<td>- Regular PR: Contact with GED Access Rights enters GED, including supporting documents via Partner Portal (GED module).</td>
</tr>
<tr>
<td>Template:</td>
<td>Immediately update if there are changes during grant implementation.</td>
<td>- Global PR: Headquarters or Country Office Contacts with GED Access Rights undertakes the above. HQ Contact will be able to see and edit both HQ and CO GED. CO Contact can only edit CO GED.</td>
</tr>
<tr>
<td>- Authorization Letter Template for Submitters[^314]</td>
<td></td>
<td>Reviewed and validated by:</td>
</tr>
<tr>
<td>EN</td>
<td>ES</td>
<td>FR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Global PR: PST Specialist / Associate Specialist reviews data quality and validates</td>
</tr>
</tbody>
</table>

[^314] Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

[^313] Ibid.
## D. Coordinating Mechanism

### 1. CM Organization Information

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| Create CM Organization Information  
See OPN Annex 3 on required supporting documents | During Funding Request Stage | Submitted by:  
- CM submits Organization Form and supporting documents to Access to Funding via email.  
- Access to Funding submits all information received to the Country Team through email.  
Reviewed by:  
FPA or PO reviews data and enters data in GOS GED Module based on documents from CM and Access to Funding  
Validated by:  
CCM Hub reviews data quality and validates the request |
| Update CM Organization Information  
See OPN Annex 3 on required supporting documents | Immediately when changes have been defined  
Updates during grant making and grant implementation | Submitted by:  
CM Contact with Access Rights (CM Administrative focal point) enters updates in Partner Portal (GED module) including supporting documents  
Reviewed by:  
FPA or PO reviews data quality  
Validated by:  
CCM Hub reviews data quality and validates based on the above |

---

315 Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

316 Ibid.
# 2. CM Contact with Signatory Rights

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create or Update CM Contact with Signatory Rights&lt;br&gt;&lt;br&gt;&lt;i&gt;See OPN Annex 3 on required supporting documents&lt;/i&gt;</td>
<td>Create/update at least 30 days before actual GAC date&lt;br&gt;Updates during grant implementation</td>
<td>Submitted by:&lt;br&gt;CM Contact with Access Rights (CM Administrative focal point) enters GED and supporting documents via Partner Portal (GED module)</td>
</tr>
<tr>
<td><strong>Templates:</strong>&lt;br&gt;- Signatory Authority Template for CCM that is a legal entity&lt;br&gt;- Signatory Authority Template for CCM that is not a legal entity&lt;br&gt;- Signatory Authority Template for CCM that is not a legal entity (UNDP as CCM Funding Recipient)</td>
<td>Reviewed by:&lt;br&gt;FPA or PO reviews data quality</td>
<td>Validated by:&lt;br&gt;FPA or PO validates updates to existing signatories without critical fields being edited&lt;br&gt;CCM Hub reviews data quality and validates creation of new signatories or updates to existing signatories with critical fields being edited</td>
</tr>
<tr>
<td>Deactivate Contact or Reduce Contact Rights&lt;br&gt;&lt;br&gt;&lt;i&gt;See OPN Annex 5 on required supporting documents (if applicable)&lt;/i&gt;</td>
<td>When CM Chair, Vice-Chair or Civil Society representative changes</td>
<td>Submitted by:&lt;br&gt;CM Contact with Access Rights (CM Administrative focal point) submits request to deactivate old record or update contact rights (before submission of new contact) via Partner Portal (GED module)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reviewed and validated by:&lt;br&gt;FPA or PO reviews and validates deactivation of contacts except for Admin Focal Points&lt;br&gt;CCM Hub reviews and validates deactivation of Admin Focal Point contacts</td>
</tr>
</tbody>
</table>

---

317 First name, Last name, Role, Recipient Status
## 3. CM Contact with Partner Portal Access Right (GED Module)

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create or Update CM Contacts with Partner Portal Access Rights</td>
<td>Create/update at least 30 days before actual GAC date</td>
<td>Submitted by: CM Contact with Access Rights (CM Administrative focal point) enters GED and supporting documents via Partner Portal (GED module)</td>
</tr>
<tr>
<td><em>See OPN Annex 3 on required supporting documents</em></td>
<td>Immediately update if there are changes during grant implementation</td>
<td>Reviewed by: FPA or PO reviews data quality</td>
</tr>
<tr>
<td>Template:</td>
<td></td>
<td>Validated by: CCM Hub reviews data quality and validates based on the above</td>
</tr>
<tr>
<td>- Global Fund Portal Access Rights template** EN</td>
<td>ES</td>
<td>FR</td>
</tr>
<tr>
<td>Deactivate Contact or Reduce Contact rights</td>
<td>Immediately when there is a CM decision to change the contact with Partner Portal access</td>
<td>Submitted by: CM Contact with Access Rights (CM Administrative focal point) submits request to deactivate old record or update contact rights (before submission of new contact) via Partner Portal (GED module)</td>
</tr>
<tr>
<td><em>See OPN Annex 5 on required supporting documents (if applicable)</em></td>
<td></td>
<td>Reviewed and validated by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- All Contacts (Except Admin Focal Point): FPA or PO reviews and validates the request</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Admin Focal Point Contacts: CCM Hub reviews and validates the request</td>
</tr>
</tbody>
</table>

### E. Local Fund Agent

## 1. LFA Organization Information

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create new LFA Organization Information</td>
<td>Immediately when the appointment letter for a new LFA organization has been signed by all parties.</td>
<td>Submitted by: LFA submits Organization Information Form and supporting documents to LFA Coordination Team through email</td>
</tr>
<tr>
<td><em>See OPN Annex 3 on required supporting documents</em></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**318** Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.
<table>
<thead>
<tr>
<th>Template:</th>
<th>Reviewed by:</th>
<th>Validated by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Organization Information Form&lt;sup&gt;319&lt;/sup&gt;</td>
<td>Assigned LFA Coordination Team member reviews data quality and creates record in GOS GED module.</td>
<td>Assigned LFA Coordination Team member reviews data quality and validates based on the above.</td>
</tr>
</tbody>
</table>

**Update LFA Organization Information**
*See OPN Annex 3 on required supporting documents*

<table>
<thead>
<tr>
<th>Template:</th>
<th>Submitted by:</th>
<th>Reviewed by:</th>
<th>Validated by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Organization Information Form&lt;sup&gt;320&lt;/sup&gt;</td>
<td>LFA Contact with Access Rights enters updates in Partner Portal (GED module) including supporting documents.</td>
<td>Assigned LFA Coordination Team member reviews data quality. If update is accompanied by changes to LFA bank account information, reviewer informs Financial Services Team to make the bank account changes.</td>
<td>Assigned LFA Coordination Team member reviews data quality and validates based on the above.</td>
</tr>
</tbody>
</table>

---

<sup>319</sup> Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

<sup>320</sup> Ibid.
## 2. LFA Contact with Signatory Rights

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| Create or Update LFA Contact with Signatory Rights  
See OPN Annex 3 on required supporting documents | Create/update at least 30 days before actual GAC date  
Updates during grant implementation | Submitted by:  
LFA Contact with Access Rights enters information in Partner Portal (GED module) including supporting documents.  
Reviewed by:  
Assigned LFA Coordination Team member reviews data quality.  
Validated by:  
Assigned LFA Coordination Team member validates based on the above. |

**Template:**  
- Local Fund Agent Signatory Template

| Deactivate Contact or Reduce Contact rights  
See OPN Annex 5 on required supporting documents (if applicable) | When there is a decision by LFA to change signatory contacts | Submitted by:  
LFA Contact with Access Rights requests to deactivate old record or update rights (before submission of new contact) via Partner Portal (GED module) .  
Reviewed and validated by:  
Assigned LFA Coordination Team member reviews and validates the request |

## 3. LFA Contact with Notice Rights

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| Create or Update LFA Contact with Notice Rights  
See OPN Annex 3 on required supporting documents | Create/update at least 30 days before actual GAC date  
Updates during grant implementation | Submitted by:  
LFA Contact with Access Rights enters information in Partner Portal (GED module) including supporting documents  
Reviewed by:  
Assigned LFA Coordination Team member reviews data quality  
Validated by:  
Assigned LFA Coordination Team member validates based on the above |
### 4. LFA Contact with Partner Portal Access Rights (GED Module)

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create/Update LFA Contacts with Partner Portal Access Rights</td>
<td>Create/update at least 30 days before actual GAC date</td>
<td>Submitted by: LFA Contact with Access Rights enters changes via Partner Portal (GED module) including supporting documents</td>
</tr>
<tr>
<td>See OPN Annex 3 on required supporting documents</td>
<td>Immediately update if there are changes during grant implementation</td>
<td>Reviewed by: Assigned LFA Coordination Team member reviews data quality</td>
</tr>
<tr>
<td>Template:</td>
<td></td>
<td>Validated by: Assigned LFA Coordination Team member validates based on the above</td>
</tr>
<tr>
<td>- Global Fund Portal Access Rights template[^321]</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deactivate LFA Contact or Reduce contact rights</td>
<td>Immediately when there is a LFA decision to change the contact with Partner Portal access</td>
<td>Submitted by: LFA Contact with Access Rights requests to deactivate old record or update rights (before submission of new contact) via Partner Portal (GED module)</td>
</tr>
<tr>
<td>See OPN Annex 5 on required supporting documents (if applicable)</td>
<td></td>
<td>Reviewed and validated by: Assigned LFA Coordination Team member reviews and validates the request</td>
</tr>
</tbody>
</table>

### 5. LFA Contacts with Grant Deliverables Access Rights (Editor / Submitter)

[^321]: Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.
F. Third Party Information

1. Third Party Organization Information

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| Create New Third Party Organization Information | As soon as contractual obligation has been identified for disbursement to be made on behalf of the PR | Submitted by:  
Third Party submits required information to the Country Team via email  
Reviewed By:  
Country Team reviews data quality and creates ServiceNow ticket including required documents provided by Third Party  
Validated by:  
Financial Services Team reviews data quality, performs duplicate check and creates GED in Fusion based on the above |
| Update Third Party Organization Information   | Immediately when changes have been identified                           | Submitted by:  
Third Party submits required information to the Country Team via email |

Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.
See OPN Annex 3 on required supporting documents

Reviewed by:
Country Team reviews data quality and creates ServiceNow ticket including supporting documents provided by Third Party

Validated by:
Financial Services Team reviews data quality, performs duplicate check and updates GED in Fusion based on the above

### 2. Third Party Banking Information

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create / update / deactivate Third Party Banking Information</td>
<td>Create at the time of creation of the Third Party Update / deactivate immediately when there is a change in Third Party bank account</td>
<td>Submitted by: Third Party submits required information to the Country Team via email Reviewed by: - Country Team reviews data quality, and creates ServiceNow ticket including required documents provided by Third Party - Country Team sends EcoSign MFA Letter to Third Party to ensure authenticity of the request. Third Party completes and sends back Eco-Sign MFA Letter to Country Team/Financial Services Team. Validated by: - Financial Services Team Banking (FST-Banking) reviews data quality, performs duplicate check, software check such as IBAN validation (if applicable), SWIFT or ABA verification - Financial Services Team creates/updates/deactivates in Fusion based on above</td>
</tr>
<tr>
<td>See OPN Annex 3 (create/update) and Annex 5 (deactivate) on required supporting documents</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**THE GLOBAL FUND**

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### 3. Third Party Relationship with PR

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Link existing Third Party with PR</td>
<td>Linking to be requested once contractual obligation has been identified for disbursement to be made on behalf of the PR</td>
<td>Submitted by: Third Party Submit required information to the Country Team via email&lt;br&gt;Reviewed by: Country Team reviews data quality and creates ServiceNow ticket including required documents provided by Third Party&lt;br&gt;Validated by: Financial Services Team Banking (FST-Banking) reviews data quality&lt;br&gt;- Financial Services Team creates in Fusion based on above</td>
</tr>
</tbody>
</table>

### G. Monitoring and Reporting

1. The operational monitoring and reporting of specific GED processes data points aims at:
   - Ensuring that data about the Global Fund’s Grant Entities’ organizations, banking and contact details are complete and relevant for delivery of key grant life cycle documents, as well as for communication purposes;
   - Addressing the results of data quality reviews;
   - Anticipating the business needs and avoid delays in the execution of core grant life cycle processes; and
   - Monitoring exceptions for senior management follow up and decision making.

2. The operational monitoring and reporting activities is led by Finance, in coordination with sub-process owners (CCM Hub, LFA Coordination Team, and Operational Efficiency Team)

3. The following data points will be monitored:
• Process completion status and timing for each review step in the different GED processes
• Exception reporting (for example, number and details of change requests raised internally, outside of the allowed cases set out in the OPN)
• Number and details of signatory and/or notice contacts, by organization type
• Number and details of contacts, by organization type
• Completion of GED for critical grant life cycle milestones (e.g., grant-making)

## Change History

<table>
<thead>
<tr>
<th>No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EGMC</td>
<td>Original Version</td>
<td>11 Nov 2020</td>
<td>1.0</td>
</tr>
</tbody>
</table>
| 2   | CFO and Head, GPS    | • Clarified process for urgent anti-terrorism screening  
• Clarified process if Legal Counsel requires LFA verification of PR organization and signatory information, including the need to attach evidence of LFA verification in GOS  
• Aligned Management of Exceptions section with the OPN (applies to internal version only) | 26 May 2021  | 1.1        |
| 3   | CFO and Head, GPS    | Removal of differentiation of roles on management of change requests for PR and CM  
General clean-up to align with Finance and Administration Division structure                                                                                                                                 | 17 August 2022 | 1.2        |
| 4 | CFO and Head, GPS | Added requirements on Contacts with Grant Deliverables Access Rights (Editor / Submitter) | 16 March 2023 | 1.3 |
Acronyms

- **FPM**: Fund Portfolio Manager (including Senior FPM, Disease and State Fund Managers)
- **PO**: Program Officer for High Impact & Core Portfolios (including Senior PO)
- **FPA**: Fund Portfolio Assistant for High Impact & Core portfolios (including Senior FPA) or Fund Portfolio Analyst for Focused portfolios
- **FS**: Finance Specialist
- **FST**: Financial Services Team
- **PHME Specialist**: Public Health and Monitoring & Evaluation Specialist
- **HPM Specialist**: Health Product Management Specialist
- **PST Specialist**: Specialist in the Portfolio Services Team of Grant Finance Management.
- **LFA**: Local Fund Agent
- **TRP**: Technical Review Panel
- **GAC**: Grant Approval Committee
- **RM**: Regional Manager
- **DH**: Department Head for relevant High Impact Department
- **CT**: Country Team (comprises: FPM, PO, FPA, Finance/PST Specialist, PHME Specialist, HPM Specialists, Legal Counsel)
- **PR**: Principal Recipient
- **CCM**: Country Coordinating Mechanism
- **TAP**: Technical Advice and Partnerships Department
- **GFM**: Grant Finance Manager
- **MECA**: Monitoring Evaluation & Country Analysis Team
- **AFD**: Annual Funding Decision
- **ADMF**: Annual Decision-Making Form
- **IRM**: Integrated Risk Management (module in GOS)
- **IP**: Implementation Period
- **SR**: Sub-recipient

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323 Disease Fund Manager and State Fund Manager review as the FPM, but they do not have approval authorities. The overall accountability for a portfolio remains with the FPM.
Operational Policy Note

Strategic Initiatives Design, Approval, Implementation and Closure

Approved on: February 1, 2023
Approved by: Executive Grant Management Committee
Process Owner: Strategic Investments and Impact Division

Overall Objective

1. Global Fund catalytic investments support programs, activities and initiatives that complement country allocations and are essential to achieve the aims of the Global Fund Strategy and global partner plans.

2. Catalytic investments are comprised of three investment approaches, referred to as modalities: matching funds, multicountry approaches and strategic initiatives (SIs).  

3. Strategic Initiatives provide limited funding for centrally managed approaches that cannot be adequately addressed through country allocations alone. They are complementary to other Global Fund investments, levers and processes.

4. Strategic Initiatives are generally implemented over a three-year Implementation Period. Given their aim to complement and support country allocations, this period is generally aligned with the Implementation Period for most Global Fund grants.

324 Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period. More information on matching funds and multicountry approaches are available on the Global Fund website.

325 Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.

326 An implementation period is the period for a specific SI during which the relevant program activities are scheduled to be implemented and completed. SIs may access pre-financing to implement Secretariat-based preparatory activities ahead of the start of the implementation period, to ensure implementation readiness upon GAC approval. Some SIs may leverage additional private sector contributions; while this funding may be received at different points in the SI lifecycle, it is utilized in the defined SI implementation period.

327 To the extent possible, SIs align to support the grant cycle.
5. Each SI has a defined budget, scope and set of programmatic objectives. They are managed by an SI focal point(s) and overseen by the SI Budget Holder.
   a) Strategic Initiative Budget Holders manage and oversee individual SIs across each phase. They approve SI commitments and expenditures, as well as any important decisions impacting the SI.
   b) Strategic Initiative Budget Holders are accountable for the SI’s financial and programmatic performance, in coordination with the relevant MEC member.

6. The Board affirmed that the Global Fund Secretariat has flexibility to operationalize SIs, with the requirement to update the Strategy Committee (SC) and Board on such operationalization.\(^{328}\)

7. The Catalytic Investment Program Management Office (CI PMO)\(^{329}\) provides centralized management support and oversight for the portfolio of SIs by:
   a) Providing oversight and guidance for business functions, including monitoring the adequacy of controls and performance.
   b) Providing SI portfolio-level synergy and interdependency management, governance, and reporting.
   c) Implementing corrective actions to achieve aims and shared KPIs.
   d) Ensuring rigor and delegated accountability to recommend SIs to GAC for approval.
   e) Coordinating with GMD, other Secretariat stakeholders for SIs, and with external partners.
   f) Documenting lessons learned across the SI portfolio to inform improvements and refinements of business processes and operations.

8. In partnership with the CI PMO, SI Business Partners provide guidance and oversight throughout the SI lifecycle. Focal points are assigned from functional teams (Finance, Legal, Sourcing, Risk and Strategy and Policy Hub) within the Secretariat act as SI Business Partners.

9. Strategic Initiatives design and approval, implementation and closure are organized around key phases:
   a) **Design and approval** translate Board approved priorities into programmatic interventions with core documentation that demonstrates value for money, agility and maximizes catalytic potential. Each step leverages the partnership model, including co-creation through situation rooms and other fora; review (e.g., the Technical Review Panel); and approval through the Grants Approval Committee (GAC).
   b) **Implementation** focuses on SIs delivering on catalytic potential, including the key shifts needed based on a changing context.
   c) **Closure** ensures that agreed deliverables are accounted for, financial commitments and financial obligations are addressed, and withdrawal of SI funding is organized and well-planned.

\(^{328}\) Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.
\(^{329}\) The CI PMO was established by the Global Fund Executive Director in 2020.
10. The following core principles are considered in all phases of the SI lifecycle:

a. **Catalytic potential**: Strategic Initiatives are designed around a theory of change that outlines the expected catalytic effect and an efficient and feasible strategy to achieve it. Strategic Initiatives design and the underlying theory of change are based on evidence and lessons learned, as applicable. Strategic Initiatives implementation must remain aligned with Grant Approvals Committee (GAC) approval, ensuring that SIs are implemented within their approved scopes and with attention to any other relevant requirements. Where course correction is needed, transparency with GAC is maintained.

b. **Country-focused**: Strategic Initiatives support country-level results, even when the SI is global or cross-cutting in focus. The design, review and implementation of SIs considers complementary investments in support of the achievement of country and grant results. Country Teams, the Grant Management Division, and partners in-country support this objective.

c. **Transparency and value for money**: the unique structure and partnership arrangements of SIs make transparency critical; transparency into both inputs and results allows for effective oversight and analysis of value for money. Value for money relies also on compliance with the Global Fund’s fiduciary policies, procedures and practices. Investments are tied to quality outcomes, with the design and approval process structured to facilitate effective implementation and value for money.

d. **Accountability and rigor**: Strategic Initiative Budget Holders, the CI PMO, SI Business Partners and other Secretariat stakeholders fully own differentiated accountabilities across all stages of the SI cycle; as well as collective accountability for shared deliverables.330

e. **Data-driven adjustment and learning**: implementation and planning should adjust when needed to maximize efficiency and effectiveness; it is critical that such changes follow established processes and engage GAC where required. Adjustments should be driven by data and informed by ongoing learning. Learning should likewise inform strategic decisions on priorities and design for potential future SI cycles.

f. **Right-sized processes**: processes should be fit-for-purpose, balancing robust oversight with the need for SI agility. Rather than developing new processes, existing Secretariat processes should be leveraged and adapted as needed to support specific SI needs.

330 Reference Overall Objective section for overview of roles and responsibilities.
Operational Policy

7. This Operational Policy Note defines key policies and requirements across the SI cycle. It is intended for use both by Global Fund Secretariat teams directly involved in SI management and other teams that engage with SIs. It also provides further transparency for key external stakeholders as part of the SI partnership model.

8. This OPN is updated, as necessary, to reflect changes in SI management policies and approaches. The Global Fund reserves the right to interpret the OPN. Questions relating to the OPN’s application to specific Global Fund-supported programs should be addressed to the CI PMO.

9. The Emergency Fund SI is managed in line with the Guidelines on the Emergency Fund Strategic Initiative. Likewise, the CI PMO is allocated SI funds but is managed separately, in line with the Memorandum on Strengthening the SI Program Management Office.

10. In addition to catalytic funding provided by the Global Fund, private donors may provide funding that contributes to catalytic investments, including those implemented through an SI modality. In such cases, the SI will leverage external resources in key technical areas and/or geographic regions, aligned with the Board approved catalytic priority, in accordance with the Board approved Policy on Restricted Financial Contributions. In general, funds contributed by the private sector are managed in line with the processes outlined in the OPN, but with appropriate differentiation in certain areas based on the terms of the relevant private sector financing agreements.

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331 The OPN references but does not attempt to restate relevant rules and regulations as outlined in other Global Fund materials.
332 Detail relevant to private sector contributions to SIs to go into effect in the 2023-2025 Allocation Cycle.
A. Identify, Prioritize and Allocate Funding to Strategic Initiatives

15. Building from the objectives of the Global Fund Strategy, an initial set of priorities is identified and developed through a consultative process that engages multiple teams within the Secretariat, as well as technical partners, communities and other advisory groups. The Secretariat applies criteria to prioritize investment areas before submitting proposed catalytic investment priorities to the SC. Criteria focus on strategic impact, including potential for increased impact and operational considerations focused on how effectively the investment can be operationalized.

16. These priorities (and proposed/illustrative modality) are recommended to SC by the Secretariat. Strategy Committee then recommends to the Board catalytic investment priorities with associated amounts under different potential funding scenarios, considering the trade-offs of amounts set aside for catalytic funding vs. funding available to scale up country allocations.

17. In addition to funding for catalytic investments available through the Global Fund, private sector donors may provide funds that contribute directly to Board approved catalytic priorities, serving to support investments in critical strategic areas, leveraging the processes and structures in place.

18. Following Board approval of catalytic investment priorities aligned with sources and uses of funds, GAC confirms how the catalytic investment priority will be operationalized (as an SI, multi-country approach or matching funds). If there is a change in the illustrative modality approved by SC for a specific priority, GAC also determines the distribution of catalytic funding.

B. SI Design and Approval

19. GAC is the core body charged with approving the overall SI intervention package ahead of implementation. This is in line with Board approval of catalytic investments, requesting the Secretariat to implement a rigorous approval process with oversight by a review body with clear

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333 Criteria listed is relevant to 2023-2025 Allocation Cycle and may be updated for future cycles.
334 Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.
and transparent management of conflicts of interest; and the capacity to execute a credible, robust technical review process on the activities, mechanisms, and the requested amounts. Strategic Initiatives must be approved by GAC before the start of implementation.

20. The SI design and approval process occurs in five key stages. The process is differentiated where appropriate and ensures implementation readiness of the SI upon the implementation period start date.

**Develop Draft of Detailed Investment Plan**

21. The first draft of the Detailed Investment Plan is developed for all approved catalytic investment priorities to be implemented as an SI. The draft plan provides a high-level overview of the objectives, anticipated impact, and planned approach of the SI. Strategic Initiative Budget Holders develop the draft plan in consultation with the CI PMO and other relevant stakeholders, including Country Teams/GMD and Technical Partners.

22. The theory of change is a key element of the draft Detailed Investment Plan. It outlines how the SI’s planned activities and inputs will produce the intended catalytic effect.

23. The draft Detailed Investment Plan includes a Summary Budget for the SI, with a high-level breakdown of the investment in terms of key deliverables/components, supporting rationale and, where possible, allocation by implementer and year. Strategic Initiative Budget Holders are responsible for developing the Summary Budget (and Detailed Budget later in the SI development process) and ensuring that they are consistent with expected budget attributes to maximize impact.

24. The proposed SI budget may be less than the total amount approved by the Board for the relevant catalytic investment priority. This may be the case if the total amount approved for the catalytic investment priority exceeds the actual, anticipated amount that will be needed to implement the...
SI; or if the SI will be implemented in distinct phases and the SI budget captures only the first phase. In some cases, a single approved catalytic investment priority may also be split into multiple sub-components, each of which is implemented functionally as a distinct SI. Such approaches are discussed with the CI PMO and SI Business Partners and reflected in the draft Detailed Investment Plan.

**Determine Resourcing Approach**

25. Strategic Initiative Human Resource (HR) planning is conducted ahead of the start of each cycle, based on the catalytic investment proposals (including indicative modalities) submitted to the Board. Strategic Initiative specific planning is carried out in line with the Integrated Organizational Planning for the organization.

26. Following an iterative process, assigned SI Budget Holders submit a resourcing plan based on the anticipated implementation model of the SI, level of planned activities and other relevant considerations. The CI PMO and Business Partners review these requests, and they form part of the FTE allocation approved by the Executive Director and approved by MEC, per Integrated Organizational Planning processes. Strategic Initiative resourcing plans are also approved by GAC. 341

27. Strategic Initiative HR costs are funded by the individual SI budgets; the number of FTEs per SI is expected to remain within this pre-defined number approved by MEC. 342 FTEs are fully reflected in the budget for review and approval by GAC, whether engaged as a staff member or consultant. 343

28. HR plans are based on planned SI activities and outcomes. Required expertise to achieve outcomes are articulated during SI design, with terms of reference developed and graded in line with HR policies. Strategic Initiative resourcing plans will appropriately balance the need for technical expertise, program management and internal oversight, and the total funding available to the SI. The plan leverages opportunities to streamline and create efficiencies including through centralized SI administration and synergies.

29. FTE terms of reference are developed by the SI Budget Holder and reviewed by HR to confirm that SI positions are reflective of strategic and surge needs; aligned with pre-approved FTE plans; and confirmed that positions funded by SI resources are tied to SI-focused activities and outcomes.

30. To support SI design and expedite program delivery, funds for certain eligible planning costs, including but not limited to FTEs, may be approved by GAC. These costs are funded from the relevant, indicative SI envelope, as approved by the Board. 344
   a) Eligible planning costs are limited to costs for Secretariat-level activities necessary for finalization of the Detailed Investment Plan (see section on Detailed Investment Plan). 345 Expenditures that are part of program implementation and/or service delivery are not permitted.

341 Where known, FTEs funded specifically by private sector contributions will be included in submissions to MEC and GAC for transparency and a comprehensive view of resource planning. If not known at the time of the FTE request, Section F on Revision applies. To go into effect in 2023-2025 SI cycle.

342 Changes to FTE levels are governed by Section F on Revision.

343 The costs of FTE resources focused on management of the SIs are reflected in the Internal Budget. FTEs, including consultants engaged on a continuous basis, for prolonged periods, without a specific deliverable, and receive monthly pay, are classified under the Human Resource cost grouping of the Internal Budget.

344 Board Decision Point with SI envelopes/values updated for each funding cycle.

345 Eligible activities include recruitment and salary costs for unique expertise essential for development of the Detailed Investment Plan.
b) The maximum amount allowed for planning costs for a specific SI is either 10% of the SI total approved envelope or US$ 500,000, whichever is smaller; higher amounts require approval by the Chief Financial Officer.  

31. In some cases, SIs may recognize the need for pre-financed FTEs early in the SI design process (ahead of development of the draft Detailed Investment Plan). When this is the case, the CI PMO will aggregate justified requests for pre-financed FTEs and submit these to GAC for approval. FTE needs recognized later in the SI design process will be requested by the SI Team.

32. In determining the resourcing approach, SI Budget Holders consider that 1% of the SI budget is allocated to CI PMO operational costs including centralized administrative support and assurance activities.

GAC Steer

33. The GAC Steer meeting represents an opportunity for SI Budget Holders to seek and receive early feedback and strategic direction from Executive GAC and Partners during the development of the SI. GAC Steer follows a differentiated approach, based on the attributes and needs of the specific SI. The draft Detailed Investment Plan serves as the core document for GAC Steer.

34. Strategic Initiatives that request pre-financed FTEs will proceed to GAC Steer, unless this request is known early and requested on behalf of the SI by the CI PMO. SIs with pre-financing requests beyond FTEs are required to engage in GAC Steer. In all other cases, the need for GAC Steer will be determined by SI Business Partners based on review the draft Detailed Investment Plan, using consistent criteria. In addition, SIs may choose to engage in GAC Steer.

35. For SIs that engage in GAC Steer, GAC will either recommend that the SI proceed with finalization of a Detailed Investment Plan or iterate. As described above, if GAC recommends proceeding, the SI may access pre-financing from the Board-approved envelope to ensure implementation readiness (see 32. for eligible costs).

36. If GAC recommends iteration, details on the specific issues that require attention and actions to be taken in response will be shared. A second GAC Steer meeting will be held following iteration.

Finalize Detailed Investment Plan

37. The Detailed Investment Plan is finalized following review of the draft Detailed Investment Plan by SI Business Partners and/or GAC Steer. It expands on the initial draft, providing a comprehensive overview the planned SI strategy, implementation arrangements, activities/objectives, target countries and exit strategy/succession planning. It is also tailored to new and continuing SIs (additional details in Annex 1).

38. In finalizing the Detailed Investment Plan, SI Budget Holders ensure engagement with key stakeholders, including GMD/Country Teams, with particular attention to country selection. Agreement relevant to country selection is documented by Budget Holders.

39. The Detailed Investment Plan includes discussion of the Results Framework and Detailed Budget, both of which are developed alongside the Detailed Investment Plan.

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346 In such cases, the CI PMO will submit a formal memo to the CFO following GAC Steer requesting an exception to this limit.

347 This percentage was affirmed by the Global Fund Executive Director in establishing the CI PMO, though the Secretariat retains flexibility in the application of this percentage across SIs and budget components.

348 Please see paragraph 30 for eligible costs.
Results Framework and Evaluation Approach

40. The performance indicators in the Results Framework are based on the theory of change and may include metrics on output, outcome and impact indicators, with semesterly and/or annual targets. The Results Framework also includes Workplan Tracking Measures for process indicators with semesterly milestones.

41. A proportion of indicators must include semesterly targets to allow for semesterly reporting and regular follow up on SI performance.

42. The theory of change includes intended outcomes of the investment. These may be further reflected in the Results Framework as outcome and impact indicators. These indicators are verifiable and measurable, allowing for assessment at the end of the SI cycle to understand the extent to which SIs have delivered intended outcomes. Key SI activities/investments should have corresponding indicators in the Results Framework.

43. In some cases, SIs may be able to assess catalytic effect at the end of SI implementation; however, this requires the existence of a verifiable baseline to allow evaluation of the change introduced by the SI. The theory of change and associated activities of some SIs do not lend themselves to this kind of baseline, preventing effective measurement of catalytic effect. When this is the case, it is highlighted during the design phase and noted to GAC; when catalytic effect cannot be measured, outcomes and evaluations will be leveraged to understand overall results achieved by the SI.

Detailed Budget

44. The Detailed Budget captures how SI resources will be used to deliver activities and outcomes over the life of the SI. It is aligned with the SI strategy, considers lessons learned from previous cycles (where relevant), and is complementary with other sources of funding.

45. The Detailed Budget reflects value for money considerations and a realistic rate of utilization of funds across the implementation period.

46. The SI Budget Holder is responsible for ensuring that the Detailed Budget is compliant with required attributes with ongoing support and input from the CI PMO.

47. The Detailed Budget consists of two core sections: the Internal and External Budget.
   a) The Internal Budget is limited to SI management costs and is inclusive of Full Time Equivalent (FTE) and program management costs. The Internal Budget is not shared externally.
   b) The External Budget represents the investment to be implemented through external parties, including Technical Partners and suppliers.

48. The Detailed Budget provides a comprehensive view of internal and external management costs. It reflects the implementation modalities, consistent with the level of service expected and aligned with what the investment is “buying”. While some variation is expected given the

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349 Where appropriate, activities funded by private sector contributions will be developed, though with potential differentiation in terms of format and indicator type.

350 In the 2023-2025 SI cycle, this includes any activities funded by private sector contributions.
diversity of SIs, an acceptable level of management costs is expected to support value for money.

49. To the extent possible, private sector contributions are reflected in the standard Global Fund budget format; however, such contributions may at times leverage different formats to accommodate the relevant donor agreement. When private sector contributions are known at the time of budget development, these funds are part of the budget package submitted for review.\textsuperscript{351}

50. Given the partnership-focused, innovative work of SIs, the Global Fund may at times contribute to pooled funding arrangements via the SIs.\textsuperscript{352} It is acknowledged that some arrangements/SIs may require flexibility. To the extent possible, Detailed Budgets support traceability of Global Fund funding and provide insight into cost assumptions specific to Global Fund contributions, linkage to deliverables and eligibility of costs to be charged to the Global Fund.\textsuperscript{353} Measures to maintain appropriate access and audit rights are managed as outlined in the Global Fund Delegations of Signature Authority.

Technical Review

51. The technical review assesses that the SI demonstrates potential to catalyze impact in support of the Global Fund Strategy and global partner plans. The review is tailored to the objectives of the SI and provides technical recommendations on activities, implementation modalities and requested amounts.

52. Technical review is primarily carried out by the Technical Review Panel (TRP) to leverage knowledge and harmonize with grant approaches. However, SI Budget Holders may request a differentiated pathway for technical review through GAC.

53. The technical review body summarizes the outcomes of their review as a) No issues; b) Minor issues; or c) Major concerns and outlines strategic actions and recommendations to be addressed to refine and finalize the Detailed Investment Plan or during implementation. The review summary informs the level of scrutiny and specific areas of focus for the GAC Approval meeting.\textsuperscript{354} When major concerns are noted, it is expected that the Budget Holder will address these to the extent possible before proceeding to GAC for approval.

GAC Review and Approval

54. Following refinement based on technical review recommendations, the SI proceeds to GAC for approval with a set of final documents.\textsuperscript{355} Ahead of the GAC meeting, an initial review is provided by pre-GAC to pre-identify, resolve or highlight issues for GAC consideration.

\textsuperscript{351} In cases where private sector contributions are added later in the implementation cycle, the Revision process outlined in Section F applies. To go into effect in the 2023-2025 Allocation Period.

\textsuperscript{352} Please see Section E on “Manage SI Finance and Ensure Internal Controls” for additional details on reporting relevant to Pooled Funding.

\textsuperscript{353} In cases where private sector contributions are leveraged, inclusion of these funds in pooled funding arrangements is aligned with terms of the relevant private sector contribution agreement.

\textsuperscript{354} In cases of Major Concerns, the SI Budget Holder develops an \textit{ad hoc} presentation for discussion with the Secretariat and GAC Technical Partners before GAC Approval to explain how the highlighted concerns have been addressed.

\textsuperscript{355} The core documents reviewed by GAC are: GAC Steer Form, Detailed Investment Plan, Results Framework, Detailed Budget and TRP Recommendation Form.
55. The CI PMO supports SI Budget Holders in coordinating submission to GAC and reviews early drafts to ensure issues are flagged and resolved. The CI PMO must confirm SI readiness\textsuperscript{356} to proceed to GAC and is responsible for submitting final SI documents for GAC review.

56. Based on its review, GAC will approve the SI as designed; approve with Strategic Actions to be addressed; or request iteration if significant work is required before final GAC approval.

57. Strategic Actions are actions necessary for successful SI implementation. This may refer to finalization/refinement of core documents or actions to address specific, critical issues noted in GAC review. If approved with Strategic Actions, GAC will communicate details of the Strategic Actions expected and timelines for completion to the SI Team accountable for completing them.\textsuperscript{357}

58. Executive GAC provides final approval of SIs to be implemented over within a three-year defined allocation utilization period (AUP).\textsuperscript{358}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
\textbf{Strategic Initiative Lifecycle} & \\
\hline
1. Design & Approve & 2. Implementation & 3. Closure \\
\hline
A. Identify, Prioritize and Allocate Funding to SIs & C. Operationalize Implementation Arrangements & H. Close Strategic Initiatives \\
\hline
B. Strategic Initiatives Design, Review and Approval & D. Manage and Report on SI Performance & \\
\hline
& E. Manage SI Finance and Ensure Internal Controls & \\
\hline
& F. Revise SIs as Needed & \\
\hline
& G. Reallocate Funding as Needed & \\
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C. Operationalize Implementation Arrangements

Establish Implementation Agreements

59. Strategic Initiatives are centrally managed investments, with Secretariat based SI Teams managing and overseeing implementation. Actual implementation is carried out by external parties (implementers). An SI may leverage various implementers and types of contractual arrangements. Establishing agreements to implement SIs follow Sourcing and Legal procedures.

60. The mode of engagement with implementers is known as the implementation modality. Implementation modalities are reflected in the Detailed SI Budget and approved by GAC.

\textsuperscript{356} The CI PMO confirms that documents are complete and developed with sufficient rigor ahead of submission to GAC. However, this confirmation does not necessarily imply that CI PMO endorses all aspects of the SI; concerns will be included in the Secretariat Briefing Note submitted by the CI PMO to GAC.

\textsuperscript{357} GAC may request SIs to return to GAC during implementation for certain decision authorizations.

\textsuperscript{358} A cut-off principle applies to SIs, precluding costs beyond this period.
Three of the most common types of agreements used by SIs are outlined in the table below; however, in coordination with Sourcing, Legal and other Business Partners, SI Teams may also enter into other types of agreements as outlined in the Procurement Procedures.

<table>
<thead>
<tr>
<th>Modality</th>
<th>SI-Specific Considerations</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Framework Agreements with Technical Partners, referred to as Umbrella Agreements.</td>
<td>Appropriate modality to structure SI activities performed by Technical Partners such as multilateral agencies. UAs are not competitively sourced and entail a comprehensive, differentiated negotiation process.</td>
<td>Umbrella Agreement review and clearance by CI PMO, Legal, Procurement and Finance Business partners. May include Procurement Review Committee Review depending on the contract amount. Approval per Delegations of Signature Authority.</td>
</tr>
<tr>
<td>Purchase Order (PO) agreements with individual consultants.</td>
<td>Consultants may support SIs through offsite or Secretariat based assignments. Consultants based in the Secretariat constitute part of the overall Human Resources for the SI; HR levels and the associated budget require oversight to ensure alignment with the GAC-approved HR strategy for the SI and value for money.</td>
<td>POs that engage individuals to provide Secretariat based services should be communicated to the CI PMO ahead of development. CI PMO confirms the requested consultancy is reflected in the GAC approved Detailed Budget and Detailed Investment Plan. Overall process governed by Procurement Procedures and approval per Delegations of Signature Authority.</td>
</tr>
<tr>
<td>Purchase Order (PO) agreements with supplier organizations.</td>
<td>Some agreements with supplier organizations &gt; US$1 million may require reporting against a detailed deliverable workplan.</td>
<td>Agreements &gt; US$1 million with supplier organizations require review by the CI PMO during development to assess if the provider should report against a detailed deliverable workplan. Such reporting is submitted by the provider, validated by the SI Budget Holder, and reviewed by the CI PMO. This additional reporting provides added quality assurance over a more detailed set of activities/deliverables for high value POs and mirrors the...</td>
</tr>
</tbody>
</table>

359 Note that a PO will be raised for all executed Umbrella/Framework agreements.
360 Technical Partners refer to multilateral agencies that offer disease-specific expertise or are involved in country coordination and stakeholder engagement in implementation of activities, with a specific and unique expertise.
361 Refer to Guidelines for Grant Budgeting for additional detail on appropriate cost grouping guidance.
362 This does not refer to Technical Partner organizations.
363 Approach to go into effect as of OPN approval date.
364 The need to report against such a workplan will be determined by the CI PMO based on the activities/scope of work. There are some activities (such as a single evaluation) for which this kind of reporting against a detailed workplan would not add value or additional assurance.
62. All agreements must include a delivery schedule aligned with the statement of work. This serves to clearly outline the deliverables expected from implementers and the associated timeframe.

63. Framework Agreements, often referred to as Umbrella Agreements, represent financing and/or cooperation agreements with Technical Partners. They support collaboration with partners on disease and resilient, and sustainable systems for health (RSSH) strategies. Umbrella Agreements are not competitively sourced and are subject to heightened attention as a result, including by GAC.

64. Strategic Initiative Budget Holders identify the need to enter into an Umbrella Agreement with a Technical Partner; contract negotiation is led by the Legal Business Partner and CI PMO.

65. Umbrella Agreements are signed with individual Technical Partners and set out general principles that apply to all specific projects implemented by the relevant Technical Partner. These agreements act as an “umbrella” for individual Project Annexes that describe SI projects. A single Umbrella Agreement may encompass multiple Project Annexes for one or more SIs.

66. Each Project Annex is associated with a detailed workplan and deliverable based budget that provides a clear understanding of activities and cost inputs.

67. Given the focus on catalytic impact and innovative, it may be necessary for some SIs to enter into unique implementation arrangements, including those that support innovative financial transactions. In such cases, specific review bodies may be established by the Global Fund to ensure the appropriate level of tailored due diligence when entering into such agreements.

**Disburse Funds**

68. Regardless of the amount, modality or contract type, disbursements/payments are linked to the payment schedule and timing of deliverables described therein. For POs with supplier organizations, the SI Budget Holder approves invoices for payment after validating/reviewing evidence of deliverables and/or suppliers' performance.

69. When reporting against a deliverable workplan is required for POs with supplier organizations with a value > US$1 million, payment for deliverables rendered will be processed following

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365 The Global Fund Terms and Conditions of Purchase of Service apply to each procurement of services through a Purchase Order.

366 For each Project Annex, a PO is issued to the Technical Partner.

367 Including the Innovative Finance Approval Committee (IFAC). IFAC TORs forthcoming.

368 This is required per the Global Fund Procurement Regulations. Note that in some cases, suppliers may receive an advance payment upon signing of the contract.
validation of this reporting by SI Budget Holders; SI Budget Holders will share this reporting with the CI PMO.

70. Technical Partners submit required programmatic and financial reporting each semester. Financial reporting by Technical Partners includes details of expenditure incurred, cash status reporting and disbursement requests for the subsequent period of implementation. SI Budget Holders are accountable for validating Technical Partner reporting as complete and technically sound. The CI PMO further reviews reporting in order to identify potential risks or inconsistencies prior to disbursement.

D. Manage and Report on SI Performance

71. There are consistent expectations for performance management of individual SIs, regardless of the implementation modalities leveraged. Performance management of individual implementers is governed by the terms of the relevant agreement.

72. Strategic Initiative performance management supports the effectiveness and efficiency of investments. It informs planning and course correction through the following activities:
   a) Monitoring SI performance against targets.
   b) Identifying, consolidating, and sharing lessons learned.
   c) Confirming the outcomes of SI investments and, where possible, that SIs produced the intended catalytic effect.

73. Strategic Initiative Budget Holders hold primary accountability for SI performance management. They engage proactively with implementers and other stakeholders to anticipate, identify, and address performance issues. Strategic Initiative Budget Holders escalate significant or cross-cutting issues to the CI PMO and within their respective teams, including those that may necessitate revision, pose a major risk to achievement of SI targets, or entail implications for relationships with stakeholders such as Technical Partners or Country Teams.

74. The CI PMO provides structures and tools for SI Budget Holders to carry out performance management; and provides oversight to flag critical issues, ensure processes are working and coordinate action when they are not.

75. Transparent reporting on SI performance helps drive results and inform future investment. The Secretariat, countries and partners rely on consistent and verifiable data on SI programmatic and financial performance and outcomes to inform investment and learning.

76. Strategic Initiative performance data is shared with internal stakeholders including the Management Executive Committee (MEC) and GMD, as well as externally, via reporting to the Strategy Committee (SC) and periodically to GAC. The CI PMO consolidates reporting to report upward on behalf of the overall SI portfolio. The CI PMO engages with SI Budget Holders around the key data and messages within this reporting. This reporting includes:
   a) Performance and Accountability (P&A) metrics, for which CI PMO and SI Budget Holders are jointly accountable, against which the CI PMO reports quarterly.
   b) Performance analysis, including programmatic and financial results; these are reported to MEC each semester.

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369 The first disbursement is not based on deliverables; it is generally processed following signature of the agreement.

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c) The CI PMO reports to SC semestery to fulfill the Board requirement to update SC on SI operationalization. Reporting to SC focuses on performance analysis, results and potential areas for steer or course correction.

Monitor SI Performance Against Targets

77. Standard reporting and analysis are carried out each semester to provide the data necessary for performance management. This data is at the level of the overall SI.
   a) **Results Framework**: each semester, SI Teams report results against results framework targets.
   b) **Financial Data**: SI-level financial data captures expenditure to date and allows comparison with the GAC-approved budget to determine fund utilization.

78. Results Framework reporting and financial data are used to assess SI performance against consistent metrics and inform SI management. It also serves to identify potential areas of savings that the SI Team will consider redistributing within the SI budget (see section on Revision).

79. Two standard metrics are assessed at the SI level, with data analysis conducted by the CI PMO. These metrics are reported as part of the Performance and Accountability (P&A) metrics and used to inform internal management.
   a) **Effectiveness**: extent to which agreed-upon targets in the RF have been achieved (% achievement against RF targets).
   b) **Fund Utilization**: utilization of resources in line with SI budget (% expenditure against budget).

80. Strategic Initiative Budget Holders are accountable for SI performance in terms of Effectiveness and Fund Utilization. However, the CI PMO shares accountability with SI Budget Holders for aggregate performance against these indicators at the portfolio level.

Assess SI Support to Country-Level Results

81. Strategic Initiatives reinforce country allocations, providing complementary support essential to ensure country allocations can deliver against the Global Fund Strategy. Performance management seeks to validate that SIs are contributing to country level results and to adjust where this link could be strengthened.

82. While all SIs aim to support country allocations, they differ in the level of linkage to grants. To help deliver on this objective, SIs are categorized into three differentiated levels of linkage to in-country results.
   a) **Direct linkage**: SIs include a Results Framework (RF) indicator to measure country-level results.
   b) **Indirect linkage**: SIs do not have RF indicators focused explicitly on country-level results. However, there is a high level of alignment and clear relationship between SI objectives and indicators in the grant-level performance framework.

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370 Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.
371 SI-level reporting depends in part on reporting submitted by implementers per the terms of the relevant agreement.
372 Metric is calculated on a semesterly basis, in line with RF reporting timeline outlined above.
373 Metric is calculated on a semesterly basis, in line with the Financial Forecast timeline outlined above.
374 These can be categorized in two types: as percentage improvement in certain country-level indicators, or indicators directly from the country grant Performance Framework. The first type of linked indicators could allow to estimate the SI contribution to the country results, though it does not necessarily imply a causal relationship.
c) **Enabling investment SIs**: provide key contributions to end the diseases. They seek to support systems and tools that have a clear, though less direct role in supporting grants to achieve their objectives. It is generally not possible to directly associate SI contributions with specific grant level indicators or results.

83. Strategic Initiatives Teams use semesterly SI performance data to identify the need for potential adjustments to strengthen SI contribution to country-level results, particularly for direct linkage SIs. To this end, they will engage proactively with relevant CTs and other involved stakeholders on an ongoing basis.

84. As the SI nears the end of the implementation cycle, SI Teams should ensure that the outcome data and/or evaluation strategy is progressing appropriately to assess overall outcomes and/or catalytic effect.

**E. Manage SI Finance and Ensure Internal Controls**

85. Strong financial management and effective internal controls are key elements in delivering value through the SIs. The underlying processes engage SI Budget Holders, the CI PMO, Finance and other Secretariat business functions.
   a) **SI Budget Holders** are accountable for financial management of the SI they oversee. They ensure SI expenditures and activities are compliant with the Global Fund’s fiduciary policies, procedures and practices. At all stages, the SI Budget Holder ensures that expenditures are linked to deliverables and performance.
   b) **CI PMO** provides an oversight function, establishing effective processes and controls to support SI compliance with fiduciary policies, procedures and practices. The CI PMO supports implementation by providing financial guidance to SI Budget Holders.

86. Strategic Initiative internal controls seek to ensure compliance with key requirements, including that:
   a) Engagement of suppliers and Technical Partners is in line with the GAC approved budget and Global Fund regulations.
   b) Expenditures are incurred in line with a compliant underlying procurement process and approved budget. Costs incurred are reasonable, verifiable and associated with the right deliverable.
   c) Commitments are reflected in the GAC-approved budget and sufficient funding is available to support them.

87. For SIs, compliant expenditures are those that have been incurred following the terms of the relevant agreement, are in line with the Detailed Investment Plan; are approved by GAC; are within the budget and implementation period; and are supported by sufficient and appropriate evidence/reporting, per the terms of the relevant agreement.
   a) Compliant expenditures must furthermore **not** be compromised by prohibited practices; nor relate to other types of non-compliance or mismanagement of SI funds (or goods or services purchased with SI funds).
   b) The Global Fund, at its discretion, may request external providers or Technical Partners to fully or partially reimburse any expenditures classified as non-compliant, in alignment with the relevant agreement.

88. Processes are embedded throughout SI implementation to support these controls. These are carried out at the level of the overall SI:

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375 Expenditures that utilize private sector contributions must be in line with the relevant contribution agreement.
a) **Quarterly Accruals Monitoring**: The SI Budget Holder is accountable for submission of accruals related to the SI, to be incorporated into the Global Fund financial report. The accruals represent the value of goods and services that have been rendered by contracted suppliers but not invoiced.

b) **Forecasting**: In line with Global Fund financial practices, the Budget Holder is accountable for submission of forecasts for their SIs; this provides insight into cash needs for the remaining part of the cycle. Three forecasts are carried out per year;**376** SI forecasts are incorporated into overall Global Fund reporting to the Audit and Finance Committee (AFC) and MEC. Forecasting provides an opportunity for SI Teams to review and confirm actual expenditure recognized at the corporate level,**377** The process allows the SI Budget Holders, CI PMO and Finance to proactively identify gaps between the approved budget and anticipated costs.

89. In cases where SI funding is pooled with other donors, donors will jointly agree to reporting and disbursement timelines. While reporting relevant to pooled funding should follow standard SI reporting formats/requirements, when this is not feasible/appropriate the Global Fund may at its own discretion accept alternative, suitable, and appropriate financial and programmatic reporting for the purposes of assessing progress. Such alternative reports must be agreed up front with the Global Fund and accepted as viable to assess progress.

**F. Revise Strategic Initiatives as Needed**

90. During SI implementation**378** adjustments may be necessary to ensure the continued effective and efficient use of resources to maximize results in the context of new circumstances or opportunities.

91. Revision refers both to adjustments within the overall approved funding envelope associated with a specific SI after GAC approval,**379** and the inclusion of additional funding through private sector contributions for a specific SI following GAC approval.**380**

92. Such adjustments are categorized as a budget or programmatic revision:
   a) **Strategic Initiative budget revision**: movement of funds between cost groupings within the approved SI budget, with no change to the total approved funding amount; or inclusion of additional funding provided by private sector contributions, increasing cost groupings.
   b) **Strategic Initiative program revision**: changes to the scope or scale of programmatic activities, including as a result of inclusion of additional funds as a result of private sector contributions.**381**

93. Strategic Initiative revisions are classified as material or non-material based on the extent of changes introduced. Materiality is determined at the level of the SI budget, workplan and/or results framework approved by GAC, not at the level of individual contracts within a single SI.

94. Differentiated approval requirements exist based on the materiality of the proposed revision, with GAC approval required for the most extensive changes.

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**376** These forecasts are: Forecast 1 (3+9) with actuals up to March and forecast for the remaining 9 months of the year; Forecast 2 (6+6) with actuals up to June and forecast for the remaining 6 months of the year; Forecast 3 (9+3) - Actuals up to September, forecast for the remaining 3 months of the year.

**377** Per the data extracted from Hyperion.

**378** For purposes of this guidance, implementation is defined as post-GAC approval with a Detailed Budget and Results Framework for the SI.

**379** Starting in the 2023-2025 SI cycle, this includes SI funding contributed by the private sector

**380** To go into effect in the 2023-2025 SI cycle

**381** Starting in the 2023-2025 SI cycle, this includes SI funding contributed by the private sector

**382** Starting in the 2023-2025 SI cycle, this includes SI funding contributed by the private sector
<table>
<thead>
<tr>
<th>Type of Revision</th>
<th>Materiality Thresholds</th>
<th>Revision Approvals Required</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>GAC</td>
</tr>
<tr>
<td>Non-Material Budget Revision</td>
<td>Change to any non-HR cost grouping &lt; 10%&lt;sup&gt;384&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change in the HR cost grouping of &lt;5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shifting &lt; 10% of the budget between implementers (see additional notes below)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shifting &lt;5% of any cost grouping from the Internal Budget to the External Budget</td>
<td></td>
</tr>
<tr>
<td>Material SI Budget Revision</td>
<td>Adjustment of any non-HR cost grouping by 30% or more</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adjustment of any HR cost grouping by 15% or more</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shifting 10% or more of the budget between implementers&lt;sup&gt;385&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shifting funding from the External Budget to the Internal Budget, regardless of the amount</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shifting more than 5% of a cost grouping within the Internal Budget to the External Budget</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adjustment of any non-HR cost grouping between 10% and 30%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adjustment of any HR cost grouping between 5% and 15%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inclusion of additional funding as a result of private sector contribution&lt;sup&gt;386&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Non-Material SI Program Revision</td>
<td>Decrease in any RF target by &lt; 30%, or any increase in RF targets</td>
<td></td>
</tr>
<tr>
<td>Material SI Program Revision&lt;sup&gt;387&lt;/sup&gt;</td>
<td>Decrease in any Results Framework (RF) target by 30% or more (or removing an indicator)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change of scope of the SI (adding new key components and/or adding/removing key objectives)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adding indicators in the Results Framework</td>
<td></td>
</tr>
</tbody>
</table>

<sup>383</sup> CI PMO will approve only after review and concurrence by Finance, Legal where required and the SI Budget Holder

<sup>384</sup> Change to either “losing” or “receiving” cost grouping cannot exceed 10%. 10% threshold refers to cumulative change of original cost grouping(s) during the implementation period – i.e., a cost grouping cannot be adjusted by 10% in one instance and then 5% later without approval as this would result in a cumulative change of 15%

<sup>385</sup> For the purposes of this guidance, “implementer” is defined as a legal entity, rather than an individual consultant. Please see additional notes on shifts in implementation arrangements in the Standard Operating Procedure on Revision and Reallocation

<sup>386</sup> To go into effect in the 2023-2025 Allocation Period.

<sup>387</sup> Including as a result of private sector funding contributed to the SI following GAC approval. To go into effect in the 2023-2025 SI cycle.
Decrease in any Results Framework (RF) target by 30% or less

<table>
<thead>
<tr>
<th>Change in total deliverable targets by 50% or more over the life of the SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>x</td>
</tr>
</tbody>
</table>

95. Further details regarding materiality of specific HR arrangement and implementer arrangement changes are outlined in the Standard Operating Procedure on Revision and Reallocation.

96. Revision should be data-driven, considering the performance metrics outlined above, namely fund utilization and effectiveness.

G. Reallocate Funding across Strategic Initiatives as Needed

97. Reallocation refers to moving funding among Board approved catalytic investment priorities, including between separate SI budgets. Reallocation results in adjustments to the total approved funding for the relevant SI budget within the implementation period. This entails reducing the budget of one or more SIs and increasing the budgets of others. This process is facilitated by the CI PMO and informed by financial and programmatic results to maximize utilization and performance of SI resources.

98. Reallocation is important in situations where performance is inadequate and/or funding cannot be adequately absorbed under one or more SI’s, and could contribute to accelerated progress under a separate priority implemented as an SI. Options to address performance and absorption issues, including through revision should be assessed ahead of reallocation.

99. Proposed reallocations and subsequent approvals require full transparency for internal and external stakeholders in alignment with the relevant Board decision. Reallocation procedures are not applicable to private sector contributions; any change to the level of private sector contribution to an SI will be determined in line with the terms of the relevant private sector contribution agreement.

100. Reallocation procedures are not applicable to private sector contributions; any change to the level of private sector contribution to an SI will be determined in line with the terms of the relevant private sector contribution agreement. Reallocation procedures are not applicable to private sector contributions; any change to the level of private sector contribution to an SI will be determined in line with the terms of the relevant private sector contribution agreement. Reallocation procedures are not applicable to private sector contributions; any change to the level of private sector contribution to an SI will be determined in line with the terms of the relevant private sector contribution agreement. Reallocation procedures are not applicable to private sector contributions; any change to the level of private sector contribution to an SI will be determined in line with the terms of the relevant private sector contribution agreement. Reallocation procedures are not applicable to private sector contributions; any change to the level of private sector contribution to an SI will be determined in line with the terms of the relevant private sector contribution agreement.
c) All reallocations, regardless of magnitude, are reported to the SC.

101. If Strategic Initiative funding is formally reallocated to a different modality (i.e., grant, multicountry approach or matching funds), this OPN will cease to apply to that funding.

H. Close Strategic Initiatives

102. At the end of the relevant AUP, the SI Budget Holders, CI PMO and implementers must carry out a process to close the SI and all associated commitments, including agreements with Technical Partners and suppliers. The closure process ensures that:
   a) Agreed closure activities are planned and implemented.
   b) Remaining financial commitments and financial obligations are addressed.
   c) Remaining SI funds or recoveries are returned to the Global Fund.
   d) Any assets financed with SI funds are dealt with in line with the relevant agreement.
   e) Programmatic and financial reports are submitted to the Global Fund.

103. The final closure process must be completed within nine months of the end of the SI implementation period end date, unless otherwise agreed with implementers as part of contractual arrangements. Approved activities must be completed and paid for during the closure period.

104. Strategic Initiative funded contracts that support implementation are closed at the end of the SI Implementation Period unless the Global Fund, at its discretion, extends agreements beyond the SI Implementation Period end date; such extensions will follow the appropriate processes as outlined in the Procurement Policy.

105. If investment in a Strategic Initiative will continue in the next allocation period, contracts with SI funded staff may remain open, contingent upon prior GAC approval of the new SI budget and resourcing plan and all required HR approvals.
106. Strategic Initiative closure is aligned with the exit strategy defined in the GAC-approved Detailed Investment Plan and planned at least six months in advance of the SI implementation period end date.³⁹⁴

107. Closure planning is carried out by the SI Team and includes attention to the below elements:
   a) Open agreements and any potential concerns regarding completion of final deliverables under those agreements.
   b) Assets procured with SI funds.
   c) Any anticipated cash balances with implementers.
   d) Programmatic activities, handover plans or reporting to facilitate the GAC-approved SI “exit strategy” (only where relevant).

108. The Strategic Initiative Budget Holder will confirm all outstanding financial commitments and obligations at the end of the implementation period. Even if SI investment will continue in the next allocation cycle, financial commitments and obligations are financed and completed under the expiring cycle. All financial commitments incurred during the implementation period must be addressed within six months following the SI implementation period end date.

109. Non-compliant expenditures and refunds are addressed in accordance with Global Fund procedures and the terms and conditions of the relevant implementer agreement.

110. In some cases, SIs may fund limited procurement of assets. Assets procured with SI funds must be appropriately addressed in line with the terms of the relevant agreement.

111. Standard closure processes are also applied by SIs that leverage private sector contributions. However, the relevant private sector funding agreement may include specific clauses on the use of unspent funds.

112. The Strategic Initiative is considered closed when financial closure has been completed. Financial closure entails closure of all SI funded agreements, receipt of any outstanding cash balances (or its transfer to a project as determined by the Global Fund) and payment of all outstanding financial commitments by the Global Fund.

³⁹⁴ To go into effect in the 2023-2025 Allocation Period. Note that prior to the end of the SI implementation period, the Board will decide if funding for an SI investment will continue in the next allocation period or come to an end, informing exit strategy planning.
## Annex 1: Sub-process owner

<table>
<thead>
<tr>
<th>Sub-process name</th>
<th>Sub-process owner(^{395})</th>
<th>Output(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify, Prioritize and allocate funding to SIs</td>
<td>Senior Manager, CI PMO</td>
<td>Secretariat prioritization of catalytic investment priorities based on defined criteria. GAC-approved Detailed Investment Plan, Results Framework and detailed Budget for each SI; approved resourcing plan</td>
</tr>
<tr>
<td>SI Design, Review, and Approval</td>
<td>Senior Manager, CI PMO</td>
<td>Operationalization framework</td>
</tr>
<tr>
<td>Operationalize Implementation Arrangements</td>
<td>Senior Manager, CI PMO</td>
<td>Coordination and monitoring of end-to-end activities. Progress reports; programmatic and financial reporting.</td>
</tr>
<tr>
<td>Manage and Report on SI Performance</td>
<td>Senior Manager, CI PMO</td>
<td>Coordination, monitoring of financial reporting and risk management activities.</td>
</tr>
<tr>
<td>Manage SI Finance and Ensure Internal Controls</td>
<td>Senior Manager, CI PMO</td>
<td>Coordination, monitoring and documenting SI revisions.</td>
</tr>
<tr>
<td>Revise SIs as Needed</td>
<td>Senior Manager, CI PMO</td>
<td>Coordination and monitoring of performance improvement; identification of available/used funds for input to financial forecast.</td>
</tr>
<tr>
<td>Reallocate Funding as Needed</td>
<td>Senior Manager, CI PMO</td>
<td>Final financial and programmatic closure reporting.</td>
</tr>
<tr>
<td>Close SIs</td>
<td>Senior Manager, CI PMO</td>
<td>Final SI Detailed Investment Plan approved by GAC</td>
</tr>
<tr>
<td>Form, functionality / Tool name</td>
<td>Owner(^{396})</td>
<td></td>
</tr>
<tr>
<td>Detailed Investment Plan Template</td>
<td>Senior Manager, CI PMO</td>
<td>Final SI Detailed Investment Plan approved by GAC</td>
</tr>
<tr>
<td>Results Framework Template</td>
<td>Senior Manager, CI PMO</td>
<td>Final SI Results Framework approved by GAC</td>
</tr>
<tr>
<td>Budget Template</td>
<td>Senior Manager, CI PMO</td>
<td>Final SI Budget approved by GAC</td>
</tr>
<tr>
<td>Detailed Investment Plan Template</td>
<td>Senior Manager, CI PMO</td>
<td>Final SI Detailed Investment Plan approved by GAC</td>
</tr>
<tr>
<td>Results Framework Template</td>
<td>Senior Manager, CI PMO</td>
<td>Final SI Results Framework approved by GAC</td>
</tr>
</tbody>
</table>

\(^{395}\) Key responsibilities of sub-process owners include (i) define business design & requirements for system development, (ii) define test scenarios, ensure tester availability, user acceptance testing & sign-off of requested item from a process, policy, system & data perspective, (iii) prepare change management, training & communications materials (as input into the overall launch communications & change management), (iv) ensure policy, guidance, instructions are up to date, (v) ensure compliance (e.g. reporting, checks for completion at GAC submission etc.), (vi) provide daily support to end-users throughout process completion / grant life cycle (including handling of Service Now tickets). The overall process owner signs-off on any process, sub-process, template or tool changes.

\(^{396}\) Design, testing & delivery from a process, policy, system & data perspective, with PAF process-owner engagement and sign-off. Change management, training & communications, ensuring compliance & daily sub-process support to end-users.
## Annex 2: Detailed Investment Plan: Key Elements and Description

### Detailed Investment Plan: Key Elements and Description

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Draft Plan</th>
<th>Final Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview</td>
<td>Narrative of expected catalytic impact, SI components and objectives associated with each component</td>
<td>Yes</td>
<td>Updated as needed</td>
</tr>
<tr>
<td>Link to Global Fund Strategy and KPIs, Expected Catalytic Impact</td>
<td>Description of how the proposal supports the Global Fund strategy and KPIs for the relevant allocation period. Explanation of why planned activities must be funded through the SI rather than grant budgets.</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Target countries</td>
<td>List of countries that will be supported by the SI, disaggregated by component where applicable.</td>
<td>Yes</td>
<td>Updated as needed</td>
</tr>
<tr>
<td>Theory of Change</td>
<td>Logic model leading from inputs/process to outcomes/results. The theory of change aims to highlight where and how the intended catalytic effect(s) will occur (i.e., the points of ‘catalysis’). Outline of how the catalytic effect will translate in grant/country level improvements.</td>
<td>Yes</td>
<td>Updated as needed</td>
</tr>
<tr>
<td>Exit Strategy</td>
<td>Concise “exit strategy” describing how SI support will evolve/be phased out following desired change.</td>
<td>Yes</td>
<td>Updated as needed</td>
</tr>
<tr>
<td>Lessons Learned (Continuing SIs only)</td>
<td>Concise overview of the main lessons learned, evaluation results, and/or performance assessments from previous SI cycles that have informed design for this cycle. Rational for continuation in 2023-2025 cycle (why does the investment remain necessary, why couldn’t it be integrated into country grants?)</td>
<td>Yes</td>
<td>Updated as needed</td>
</tr>
<tr>
<td>Recommendations</td>
<td>Description of how recommendations from BP review/GAC Steer/Technical Review have been addressed as part of SI design (if applicable).</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Risks and Mitigations</td>
<td>Description of key, anticipated risks that that could negatively impact delivery of the SI and mitigation measures to address these risks and stakeholder(s) responsible</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Synergies with other CIs and/or Country Grants</td>
<td>Explanation of the link with other SIs, Matching Funds and/or Country Grants (where applicable) in the previous and/or current allocation period</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Plans for complementary funding from other internal/external sources</td>
<td>Brief overview of any expected complementary funding, if applicable</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Main Expected Outcomes</td>
<td>List of high-level outcome metrics and targets for the SI, using the guidance provided on the Results Framework. Indicators should be linked to SI objectives and ToC</td>
<td>Yes</td>
<td>Used to develop full RF later</td>
</tr>
<tr>
<td>Summary of Finalized Result Framework</td>
<td>Summary of the RF with output/outcome indicators linked to the ToC and with finalized targets per semester</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Summary Budget</td>
<td>High-level breakdown of the investment by component, implementer (where known) and year.</td>
<td>Yes</td>
<td>Used to develop full budget later</td>
</tr>
<tr>
<td>Summary of Final Detailed Budget</td>
<td>Summary, high-level breakdown of the final detailed budget</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
### Anticipated Implementation Arrangements
Concise summary of implementation arrangements and rationale that includes considerations of efficiency.

<table>
<thead>
<tr>
<th></th>
<th>Detailed summary of implementation arrangements and rationale that includes considerations of efficiency.</th>
<th>Yes</th>
<th>Used to finalize arrangements later</th>
</tr>
</thead>
</table>

### Finalized Implementation Arrangements
Detailed implementation arrangement including implementers, timeline and final draft of Sourcing documents for key implementers.

<table>
<thead>
<tr>
<th></th>
<th>Detailed implementation arrangement including implementers, timeline and final draft of Sourcing documents for key implementers</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
</table>

### Resourcing funded through Strategic Initiative
Description of the Secretariat-level resources required to manage the SI; the resourcing levels should be reflective of the overall level of SI funding.

<table>
<thead>
<tr>
<th></th>
<th>Description of the Secretariat-level resources required to manage the SI; the resourcing levels should be reflective of the overall level of SI funding</th>
<th>Yes</th>
<th>Used to finalize resourcing plan later</th>
</tr>
</thead>
</table>

### Finalized Resourcing plan
Final HR plan if there have been changes from the draft plan.

<table>
<thead>
<tr>
<th></th>
<th>Final HR plan if there have been changes from the draft plan</th>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
</table>

### Annex 3: Detailed Budget: Key Attributes and Requirements

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value for money</td>
<td>All costs documented in US$</td>
</tr>
<tr>
<td>Consistent with activities and timelines described in the Detailed Investment Plan</td>
<td>Submitted in the Strategic Initiative/Global Fund Detailed Budget template</td>
</tr>
<tr>
<td>Consistent with the strategic direction</td>
<td>Inclusive of costs for program activities approved for the SI</td>
</tr>
<tr>
<td>Realistic rate of utilization of funds across implementation period</td>
<td>Within the available funding approved by the Board</td>
</tr>
<tr>
<td>Consistent with Detailed Investment Plan and lessons learned from the previous SI cycle, where relevant</td>
<td>Based on verifiable sources of data</td>
</tr>
<tr>
<td>Inclusive of any requirements mandated by the Global Fund Board</td>
<td>Inclusive of assumptions used to determine the unit costs and allocation across the implementation period</td>
</tr>
<tr>
<td>Reflective of any Technical Review Panel (TRP) and GAC-required adjustments</td>
<td></td>
</tr>
<tr>
<td>Complementarity with other sources of funding</td>
<td></td>
</tr>
</tbody>
</table>

### Change History

<table>
<thead>
<tr>
<th>No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EGMC</td>
<td>OPN released. Original Version</td>
<td>1 February 2023</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Once a grant is signed, work begins to implement the grant. Funds for the first year are committed based on the first annual funding decision and the first disbursement is released to the account of the Principal Recipient. Subsequent disbursements are released based on defined schedules, and the funds for the remainder of the implementation period are committed on an annual basis.

Implementation is monitored by the Secretariat on an ongoing basis. Country Teams, in coordination with LFAs and in-country partners, monitor programmatic activities through regular progress updates, country visits, and programmatic assurance activities. In addition, financial activities are monitored and verified through financial reports and annual external audits.

The ongoing monitoring and reporting feed into regular decision-making on determining grant performance ratings, making annual funding decisions, setting operational risk levels and putting in place management actions and other requirements. It may also lead to adjustments to the grant (programmatic and/or financial) to respond to the implementation environment as well as to maximize the impact of programs.

The approaches and requirements during grant implementation are differentiated depending on the portfolio category.
Oversee Implementation and Monitor Performance

Approved on: 28 April 2022 – Updated on 20 September 2023
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions and Support Department
Sub-process Owners: See Annex 1
Associated Procedures: Operational Procedures on Oversee Implementation and Monitor Performance

Metrics for Oversee Implementation and Monitor Performance
Principal Recipients (PRs), Local Fund Agents (LFAs) and Country Teams (CTs) are expected to meet the following deadlines:

- PR submits Progress Update (PU) within 45 days and PU/Disbursement Request (DR) within 60 days from last reporting period end-date.
- LFA submits findings and recommendation(s) 20 days from the receipt of the PU and PU/DR.
- CT issues the Performance Letter and Performance Rating within 95 days (PU) and 110 days (PUDR) from last reporting period end-date.

Overall Objective

1. Implementation of a Global Fund grant is led and owned by the recipient country. The Global Fund oversees implementation and monitors grant and PR performance to drive maximum impact against the three diseases.

2. At the country level, the PR is responsible and accountable to the CCM and the Global Fund for quality and timely grant delivery, and efficient and effective PR operations in line with its obligations under the Grant Agreement. While the PR may contract Sub-recipients (SRs) and other service providers to undertake defined services, the PR remains accountable for the performance of SRs and its contractors:

   i. **Grant delivery** refers to the quality and timely execution of grant activities so agreed results are achieved;

   ii. **PR operations** refers to the PR’s effective planning of implementation and the execution of management functions to enable grant delivery. Management functions include monitoring & evaluation, finance, procurement and supply chain and risk management.

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397 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).
398 In this OPN, ‘days’ refers to calendar days, unless otherwise stated.
399 Reference to CCMs includes Regional Coordinating Mechanisms (RCMs) unless otherwise stated.
400 Contracting an SR or a service provider does not release the PR from its obligations under the Grant Agreement.
3. The CCM facilitates an enabling environment for the PR to implement grant activities and oversees implementation focusing on key programmatic, financial and management aspects of grants and their contribution to the national health response. The CCM implementation oversight function corresponds to **CCM Eligibility Requirement 3: Oversee program implementation and implement an oversight plan.** Regular engagement between the CCM and the CT enhances oversight through sharing of existing and potential challenges and solutions. The [CCM Oversight Guidance Note and its annexes](#) provide detailed guidance on CCM oversight functions.

4. From the **Global Fund**, implementation is overseen by:
   
i. The CT, with support from the LFA, is primarily responsible for day-to-day implementation oversight;
   
ii. The Risk Department and other oversight functions (Business Risk Owners) together with Global Fund Senior Management define the risk management framework and provide oversight, guidance and support to CTs; and
   
iii. The Office of the Inspector General (OIG) and external auditors, provide independent assurance regarding the management of risks and controls by the CT and Business Risk Owners and efficient use of Global Fund resources.

### Operational Policy

5. This Operational Policy Note (OPN) defines the guiding principles and requirements on how the Global Fund Secretariat (in particular, the CT, Business Risk Owners and Senior Management) oversees implementation and monitors performance. Specific best practice guidance is also captured in the document.

6. The OPN applies to country and multicountry portfolios and grants unless otherwise specified in the dedicated multicountry section. While the principles and general requirements defined in this OPN apply across all portfolios, the specific grant deliverables do not apply to Focused portfolios, unless explicitly stated. Annex 1 provides a summary of the requirements and best practices and how they apply to each portfolio category.

#### A. Guiding Principles on Implementation Oversight by the Global Fund

7. The Global Fund oversees implementation focusing on grant delivery and PR operations. This requires regular engagement with the PR, CCM and in-country stakeholders to maintain an overview of implementation progress and to jointly define solutions to address implementation bottlenecks. In overseeing implementation, the Global Fund also identifies common issues, lessons and best practices across all portfolios to facilitate organizational solutions and learning. The Global Fund oversees implementation using most appropriate formal and informal sources.

8. The Global Fund supports national disease and health system strengthening programs and COVID-19 responses. Grant Funds are additional resources to domestic and other donors’ resources to achieve national disease priorities and targets and to strengthen health systems. Implementation oversight covers both implementation of grants as well as the overall implementation of the national disease programs where relevant. This requires engagement beyond the PR, implementers and...
CCM but also with national disease coordination bodies, donors and technical partners supporting the programs.

9. Oversight activities must be planned in advance and adjusted throughout the process to ensure continued alignment with changes in grant and portfolio priorities and contexts.

10. A critical part of overseeing implementation is identifying and prioritizing grant and portfolio-level risks, defining together with the PR and CCM actions to mitigate these risks, and planning and monitoring assurance activities to ensure defined mitigating actions are implemented.

11. The approach for overseeing implementation must be tailored considering the portfolio category, grant and portfolio risk profile and defined priorities, among others. The areas of focus are communicated to the PR with the understanding that these may change to adapt to evolving risks and contexts.

**B. Implementation Oversight by the Country Team**

<table>
<thead>
<tr>
<th>Implementation Oversight by the Country Team</th>
<th>PLAN</th>
<th>TAKE ACTION</th>
<th>MONITOR</th>
<th>ASSESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define Implementation Oversight Priorities</td>
<td></td>
<td>Oversee Grant Delivery</td>
<td>Collect Information and Review Progress</td>
<td>Performance Rating: Assess Grant and PR Performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Oversee PR Operations</td>
<td></td>
<td>Communicate Assessment and Required Actions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Support In-Country Program Review and Evaluation</td>
</tr>
</tbody>
</table>

**B.1. PLAN**

**B.1.1. Define Implementation Oversight Priorities**

12. CTs prioritize implementation oversight and assurance activities on an ongoing basis. As a best practice, these activities are captured into existing CT workplans. The strategic deliverables from these workplans flow into CT performance objectives.

13. **Implementation Oversight Priorities.** The CT prioritizes the portfolio and grant-level activities that the CT will focus on based on organizational and national priorities, key grant and portfolio risks, changes in country context, among others.

14. **Assurance Activities.** The CT leverages LFA services, external auditors, other assurance providers and fiscal/fiduciary agents, as needed, to gain continued insights and provide the necessary assurance on whether controls are in place to mitigate identified risks. The OPN on Risk Management provides guidance on assurance planning. Assurance plans inform the annual LFA workplan and budgeting exercise. The CT ensures that the scope, timing of assurance activities and associated resources are agreed upon, and the required LFA services are implemented.

15. **Engagement with Countries.** As a best practice, CTs regularly engage, through virtual and in-person communication platforms, with PR, CCM, LFA, partners and other key stakeholders to gain

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403 see OPN on Risk Management.
insights, discuss progress and address implementation issues. CTs plan these regular engagements with country stakeholders.

**B.2. TAKE ACTION**

**B.2.1. Oversee Grant Delivery**

16. The CT undertakes planned oversight and assurance activities through formal or informal channels. This allows the CT to have an overview of implementation progress and existing and potential bottlenecks to proactively discuss with the PR and CCM on solutions.

17. Examples of CT actions include but are not limited to:

   i. **Make disbursements.** Process disbursements in line with the disbursement schedule established as part of the Annual Funding Decision and the terms of the Grant Agreement to ensure funds are disbursed to the PR and/or third parties in a timely manner for the continuation of grant activities.\(^{404}\)

   ii. **Create Synergies and Avoid Duplication.** Engage with partners supporting national disease programs to ensure synergies and collaboration and avoid duplication of support.\(^{405}\)

   iii. **Facilitate Technical and Implementation Support.** Facilitate technical assistance and capacity building support to ensure effective delivery of the grant and overall national strategies and programs.

   iv. **Revise Grants.** Discuss and work with the PR to drive implementation and adapt to changes in context, including through timely programmatic and/or budget revisions.\(^{406}\)

   v. **Request Additional Funds through Portfolio Optimization.** If the grant is positioned to accelerate implementation, request additional funding through the portfolio optimization process to maximize impact by financing items on the register of unfunded quality demand.\(^{407}\)

18. As part of implementation oversight, the CT also tracks the status of grant requirements and actions. When these have not been fulfilled within the agreed timelines, the CT determines required follow-up. To mitigate risks, the CT can also introduce new grant requirements or actions for the PR to undertake.

**B.2.2. Oversee PR Operations**

19. PR Operations refers to the PR’s execution of key management functions to enable grant delivery and is linked to the four elements that underpin implementation readiness as part of grant-making as shown in the figure below.

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\(^{404}\) For more information, refer to the OPN and Operational Procedures on Annual Funding Decisions and Disbursements.

\(^{405}\) In acute and protracted emergencies, the CT also reaches out to relevant humanitarian partners and coordination mechanisms to ensure complementarity and integration of humanitarian and development efforts.

\(^{406}\) For more information, please refer to the OPN on Grant Revisions and the Grant Budgeting Guidelines.

\(^{407}\) See Prioritization Framework for funds that become available for Portfolio Optimization and Financing Unfunded Quality Demand and Operational Procedures on Portfolio Optimization - forthcoming).

\(^{408}\) For more information, please visit the Global Fund page on Unfunded Quality Demand.
20. The CT, with LFA support as necessary, monitors the efficiency and effectiveness of PRs in executing these management functions. As a best practice, prior to the start of an execution period, the PR develops the annual Implementation Workplan and discusses this with the CCM and CT. For Focused portfolios, the PR prepares the Implementation Workplan independently. The Implementation Workplan is updated as needed to reflect implementation realities.

21. The CT ensures planned assurance activities (e.g., spot checks, assessments) are undertaken to confirm adequacy of PR capacities and systems and the implementation arrangements. Based on the outcomes of these assessments, capacity strengthening measures or changes to implementation arrangements can be discussed and agreed with the PR and/or CCM.

22. Measures are differentiated depending on the type of PR (i.e., local or international organizations) with examples described below. In exceptional cases, international organizations can be approved as PRs when local organizations do not have the required capacities. International organizations are expected to have the capacities and systems to manage the grant and deliver results.

23. **Strengthen PR and implementers capacities.** The CT engages internally and externally to facilitate technical and implementation support to strengthen national PR, SR and implementer capacities and systems. For international organization PRs, the CT, in collaboration with teams across the Secretariat, notifies the PR headquarters of the PR’s performance issues and any capacity gaps, and agree on expected performance improvements with clear milestones and outcomes, as well as a follow-up plan to assess improvements in PR performance.

24. **Adjust Implementation Arrangements.** The CT discusses with the PR and/or CCM to introduce required changes to implementation arrangements. Examples include:

   - **Outsourcing part of the PR’s responsibilities**[^409]. When critical management weaknesses are identified related to local PRs and/or SRs, an assurance service provider (e.g., fiduciary agent, fiscal agent, procurement agent) can be contracted as a temporary measure. The assurance service provider is financed from Grant Funds. For health products for which the Global Fund determines that the PR’s procurement and supply management capacity is insufficient, the Global Fund can require a PR to use the Pooled Procurement Mechanism[^410] or other established procurement and supply management agents or services acceptable to the Global Fund.[^411]


[^410]: Refer to the OPN and Operational Procedures on the Pooled Procurement Mechanism.

• **Change PR/SR.** As a last resort, a PR and/or one or more SRs may be replaced or added during implementation when the PR or SR is not able to perform its role and carry out its responsibilities under the grant, in accordance with the terms of the Grant Agreement. The process to replace or add a PR is planned well in advance, when possible, to facilitate the transfer of responsibilities and avoid interruption of service delivery. A change in PR requires a grant closure for the outgoing PR, and negotiation and signature of a new grant for the incoming PR. Changes to the implementation arrangements are captured in the Implementation Arrangement Map.

• **Additional Safeguard Policy.** When implementers consistently demonstrate a lack of capacity or failure to effectively safeguard Global Fund investments, the CT may recommend invoking the Additional Safeguard Policy (ASP). The ASP allows the Global Fund to lead the selection of implementers for the program and/or replace an existing PR when significant risks arise during implementation. The details of the responsibilities and procedures for invoking/revoking the ASP are defined in the OPN on ASP.

25. **Manage Recoveries.** In overseeing implementation, the CT also follow-up with the PR on potential or confirmed recoverable amounts following guidance defined in the Guidelines for Grant Budgeting and the OPN on Recovery of Grant Funds.

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**B.3. MONITOR**

**B.3.1. Collect Information and Review Progress**

26. The CT uses informal and formal sources to gain insights on progress of grant delivery and PR operations. The LFA provides critical support to the CT in gathering country-level information and providing analysis and recommendations.

27. **PR Reporting Requirements.** The PR reports information collected on grant delivery and PR operations to the Global Fund Secretariat and CCM to enable assessment of progress and drive decision-making. The quality and timeliness of PR reporting is a critical part of evaluating PR performance.

28. Table 1 presents the standard reporting requirements. Portfolios categorized as Challenging Operating Environments can request for flexibilities in PU/DR submission timelines. Grants applying Payment for Results arrangements, particularly those with Results-Based Financing, use a fit-for-purpose reporting approach.

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412 When there is a decision to replace a PR, the Grant Agreement with the outgoing PR must be closed out following the OPN on Implementation Period Reconciliation and Grant Closure and a new agreement is signed with the new PR.

413 Per guidance defined in the OPN and Operational Procedures on IP Reconciliation and Grant Closure.

414 The ASP Policy (GF/B07/DP14), instituted by the Board at its Seventh Meeting (Report of the Governance and Partnership Committee GF/B7/7).

415 See Annex 2 for a non-exhaustive list of sources and examples of information that can be used for oversight.

416 For more information, please refer to the OPN on Challenging Operating Environments and the Global Fund Guidelines on Financial Risk Management.

417 Please refer to the Global Fund Guidelines for Grant Budgeting. RBF is a form of financing in which the full grant payment is contingent on the verification of predetermined results.
Table 1. Reporting frequency and deadlines for submission.

<table>
<thead>
<tr>
<th>Type of report</th>
<th>Frequency/Timing</th>
<th>Deadline for PR-submission to the Global Fund</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>PU</td>
<td>Mid-year</td>
<td>Within 45 days from the end of the last 6-month reporting period</td>
<td>✓ ✔ ✔</td>
</tr>
<tr>
<td>PU/DR</td>
<td>Annual</td>
<td>Within 60 days from the end of the last 12-month reporting period</td>
<td>✓ ✔ ✔</td>
</tr>
<tr>
<td>Pulse Checks</td>
<td>Quarterly</td>
<td>35 days from the end of the last reporting period</td>
<td>✓ ✔</td>
</tr>
<tr>
<td>Audit Report</td>
<td>Annual</td>
<td>Within 6 months after the end of the audit period</td>
<td>✓ ✔ ✔</td>
</tr>
</tbody>
</table>

i. **Progress Update/Disbursement Request (PU/DR)**: The PU/DR is a comprehensive report on programmatic and financial progress as well as management issues.

ii. **Pulse Check**: The Pulse Check collects more frequent and timely insights, which enables swift and fact-based decision-making and action as needed, increasing the agility of implementation. The PR provides rapid updates on a select number of coverage indicators and financial metrics and a self-evaluation on grant performance.

iii. **Audit Report**: Audits provide the Global Fund with assurance that (i) disbursed funds were used for the intended purposes in accordance with the relevant Grant Agreement, including the approved budget and the Performance Framework, and (ii) the financial statements fairly represent the financial transactions and balances of the grant.

29. There may be cases where the Global Fund Secretariat gains insights into concerns or allegations of actual or attempted misconduct. In such cases, the CT members are guided by the Code of Conduct for Global Fund Employees and must proactively report these issues to the OIG or to the Ethics Office to ensure they are appropriately addressed early on.

B.4. **ASSESS**

B.4.1. **Performance Rating: Assess Grant and PR Performance**

30. Information formally reported through the PU/DR allows the Global Fund Secretariat to undertake a comprehensive assessment of performance resulting in a Performance Rating, which comprises Grant Performance and an assessment of PR Performance.

i. **Grant Performance** measures progress against the expected results (programmatic rating) and budget utilization and in-country absorption (financial rating), as shown in the figure below.

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418 Unless otherwise communicated by the Global Fund.
419 All references to PU/DR refer to the PU and the PUDR, unless otherwise stated.
420 Refer to PU/DR Form Instructions.
421 Refer to the Guide for PRs on Completing and Submitting Pulse Checks for more information.
422 Refer to the Guidelines for Annual Audit of Global Fund Grants for more information.
423 Refer to Annex 2 of the Operational Procedures for the Performance Rating Methodology.
ii. **PR Performance** reviews how well the PR has managed the grant over the course of the previous reporting period. The Global Fund looks specifically at: (i) implementer capacity, in areas such as monitoring and evaluation, financial management, procurement and supply chain management and governance and implementation management; and (ii) the quality, timeliness and compliance with Global Fund requirements as they pertain to PR operations.

### B.4.2. Communicate Assessment and Required Actions

31. Based on its analysis of results and performance, the CT defines specific and actionable recommendations to improve the programmatic and financial results and PR operations. A Performance Letter is issued to the PR within defined timelines\(^{424}\) to communicate CT findings, Performance Rating (which includes both the grant and PR performance), and required actions to address identified implementation challenges and additional risks. A Performance Letter is required for all portfolio categories.

### B.4.3. Support In-Country Program Review and Evaluation

32. In-country program reviews and evaluations constitute periodic reviews of program design, implementation and achievements against national strategic objectives and targets. They play an important role in learning from past implementation, facilitating timely course correction and ensuring investments are based on evidence-informed program design to maximize impact, efficiency and equity\(^{425}\).

33. These in-country program review and evaluations cover the national disease programs including the Global Fund contribution through its grants. Where relevant, the CT is expected to engage in these in-country reviews and engage with the PRs and CCM so that results of such reviews are used to ensure that the Global Fund continues to fund the most important interventions to achieve national strategic objectives and targets and introduce improvements to the way the grant is implemented. As applicable, required actions from the PR resulting from these in-country program review and evaluations are communicated to the PR through the Performance Letter.

34. These in-country program review and evaluations are tracked through the country M&E Profile updated by the CT for High Impact and Core portfolios. Annex 3 provides further details.

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\(^{424}\) Within 95 days (PU) and 110 days (PU/DR) from last reporting period end-date.

\(^{425}\) Within the Secretariat, the process of In-Country Program Reviews & Evaluations is coordinated by MECA under the strategic guidance of the Secretariat M&E Working Group.
<table>
<thead>
<tr>
<th>Table 2. In-country Program Reviews and Evaluations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Reviews</strong></td>
</tr>
<tr>
<td>• Systematic review of program design, inputs, implementation and results against national strategic objectives and targets, as well as regional/global benchmarks.</td>
</tr>
<tr>
<td>• Mandatory for High Impact and Core portfolios(^{426}) and strongly recommended for Focused portfolios with Tailored for National Strategic Plan (NSP) funding applications, conducted every three years.</td>
</tr>
<tr>
<td>• Managed by the Ministry of Health or its national disease programs and carried out by a joint national and international team of experts at mid-point and end of the NSP.</td>
</tr>
<tr>
<td>• Budgeted and supported through Grant Funds.</td>
</tr>
<tr>
<td><strong>Periodic Performance Reviews</strong></td>
</tr>
<tr>
<td>• National or sub-national review of program implementation and results.</td>
</tr>
<tr>
<td>• Mandatory for High Impact and Core portfolios, conducted at regular intervals between program reviews, at a minimum:</td>
</tr>
<tr>
<td>- annually at national level(^{427}); and</td>
</tr>
<tr>
<td>- semi-annually at sub-national level(^{428}).</td>
</tr>
<tr>
<td>• Led by respective disease programs at national and intermediate sub-national levels.</td>
</tr>
<tr>
<td>• Budgeted and supported through Grant Funds.</td>
</tr>
<tr>
<td>• The CT engages with national stakeholders to strengthen the approach, especially in cases where no plans and/or guidance exist for such reviews; technical support may be facilitated through the MECA M&amp;E TA Pool.</td>
</tr>
<tr>
<td><strong>Enhanced Portfolio Review</strong></td>
</tr>
<tr>
<td>• In-depth assessment of the entire grant portfolio or specific areas of a national disease program, against a predefined program design and defined, verifiable results.</td>
</tr>
<tr>
<td>• Recommended for Focused portfolios, once per 3-year grant cycle, particularly when a program review has occurred and the quality is deemed inadequate(^{429}) or when no program review has occurred. It can also be triggered by a specific programmatic need.</td>
</tr>
<tr>
<td>• Budgeted and supported through Grant Funds.</td>
</tr>
<tr>
<td>• Commissioned by the Global Fund Secretariat.</td>
</tr>
<tr>
<td><strong>Program Evaluation</strong></td>
</tr>
<tr>
<td>• Rigorous assessment of the entire program or specific areas of a national disease program, against a predefined program design (or theory of change) and defined, verifiable results.</td>
</tr>
<tr>
<td>• Strongly recommended for High Impact and Core portfolios when the quality of a program review is deemed inadequate(^{430}) or when no review has occurred. It can also be triggered by a specific programmatic need.</td>
</tr>
<tr>
<td>• Usually commissioned by Ministry of Health and/or other in-country partners, and may be supported or independently commissioned by the Global Fund Secretariat.</td>
</tr>
</tbody>
</table>

\(^{426}\) Not required when a program evaluation was conducted within the last three years and can serve the purpose of assessing the design and implementation of the NSP.

\(^{427}\) Not required when a program review was conducted in the same fiscal year.

\(^{428}\) Sub-national reviews occur at the provincial/regional and district levels. The frequency of periodic reviews at sub-national levels are planned and budgeted for during grant-making and set as targets in the Performance Framework.

\(^{429}\) Refer to the high-level criteria on program review quality.

\(^{430}\) Refer to the high-level criteria on program review quality.
C. Global Portfolio Oversight by Business Risk Owners and Senior Management

35. The Global Fund Secretariat has dedicated mechanisms to provide strategic guidance and support to CTs in overseeing implementation and monitoring grant and PR performance. Through these mechanisms the Global Fund Secretariat maintains a global view on performance and risks for all portfolios and can identify common issues and challenges which require organizational-level solutions and facilitate organizational learning.

C.1. Business Risk Owners

36. Global Business Owners are responsible for providing policy and technical guidance to CTs in their functional areas regarding risk identification and prioritization, and best practices for mitigating actions and assurance activities based on country context.

37. Business Risk Owners. There are Business Risk Owners for each of the risk categories, assigned as follows:
   - Programmatic and Monitoring and Evaluation Risks: Head, Technical Advice and Partnerships
   - Human Rights and Gender Equality Risk: Head, Community Rights and Gender
   - Health Product and Supply Chain Risks: Head, Sourcing and Supply Chain Department
   - Finance and Fiduciary Risks: Chief Financial Officer/Head, Grant Financial Management
   - Governance, Oversight and Management Risks: Head, Grant Portfolio Support and Solutions Department
   - Health Finance: Head, Health Finance Department

38. The Legal and Governance Department also advises CTs and Business Risk Owners on Governance, Oversight and Management Risks. Business Risk Owners are members of the Portfolio Performance Committee and are also responsible for the content of risk management systems and tools (i.e. capacity assessment questions, pre-defined root causes, standardized assurance activities, and overall design and functionality of the risk management systems and tools).

39. The details of the oversight responsibilities of Business Risk Owners are defined in the OPN on Risk Management.

C.2. Global Fund Senior Management

40. Grant Management Division (GMD) Management includes the Regional Managers, Regional Department Heads and the Division Head, who supervise CTs on the management of country/multicountry portfolios. They are the first point of escalation for CTs on grant and portfolio implementation issues requiring management guidance and decision. GMD Management also oversees portfolio performance through regular monitoring and assessment of regional and global portfolio performance against key organizational metrics and providing strategic guidance to CTs on required actions. GMD Management also participate in the Portfolio Performance Committee (PPC).

41. The Portfolio Performance Committee (PPC), a Global Fund Senior Management body oversees implementation of the global portfolio and hosts the Country Portfolio Review, PPC Executive Session, PPC Thematic Executive Session, and Enterprise Performance Review. The PPC provide

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431 Global portfolio refers to all country and multicountry portfolios supported by the Global Fund.
strategic steer and identify areas where additional support, flexibilities and adaptations may be needed to maximise impact.

i. **Country Portfolio Review (CPR):** to validate country portfolio risks and identify issues where additional support, flexibilities and/or innovation are needed, and provide the Country Team and Business Risk Owners the opportunity to seek strategic steer. Through CPRs, common issues, lessons learned and good practices across countries and regions are also identified. The outcome of a CPR guides the CT in defining priorities for overseeing the portfolio. The selection criteria to determine which countries are brought to CPR is revised annually, based on risk factors and priorities, and approved by the PPC Co-chairs. The CPR format is adapted accordingly to reflect the strategic focus of the CPR for each given year.

ii. **PPC Executive Session:** to provide a platform for focused discussions and decision-making on critical country issues. Held on an as needed basis, to respond to issues as they arise.

iii. **PPC Thematic Executive Session:** to review the progress towards impact with regards to overall disease performance at the aggregate level and/or specific portfolio wide issues or challenges. It provides the opportunity to receive PPC strategic steer which is then used to develop tailored response plans to meet specific country needs. Thematic Executive Sessions occur on an as needed basis.

iv. **Enterprise Performance Review (EPR):** to review progress towards impact for all portfolios. EPRs occur on an as needed basis in agreement with the Head of Strategy and Policy Hub.

42. Further information on the PPC can be found in the PPC ToR. The purpose of the PPC will continue to adapt to complement the evolving approach to oversee implementation across the Global Fund Secretariat.

**D. Specific Multicountry Considerations**

43. Multicountry grants generally follow the same requirements set out in this OPN, with the following specific considerations:

i. For multicountry grants, reference to CCM includes engagement of the Regional Organization (as applicable), Regional Coordinating Mechanism (RCM) and CCM representatives of all countries included within the grant (as applicable).

ii. The legal and political considerations and logistics of cross-border implementation are considered when tailoring LFA-services.
### Annex 1. Sub-process Owners

<table>
<thead>
<tr>
<th>Sub-process name</th>
<th>Sub-process owner*</th>
<th>Output(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define Implementation Oversight Priorities</td>
<td>Department Head, Grant Portfolio Solutions and Support (GPS)</td>
<td>Updated CT workplan(s), as applicable</td>
</tr>
<tr>
<td>Oversee Grant Delivery</td>
<td>Department Head, GPS</td>
<td>Implemented Oversight and assurance activities</td>
</tr>
<tr>
<td>Oversee PR Operations</td>
<td>Department Head, GPS</td>
<td>Implemented Oversight and assurance activities</td>
</tr>
<tr>
<td></td>
<td>Chief Risk Officer as Chair of the Recoveries Committee</td>
<td>Recoveries managed</td>
</tr>
<tr>
<td>Collect Information and Review Progress</td>
<td>Department Head, GPS</td>
<td>Reviewed PU/DR and Pulse Check</td>
</tr>
<tr>
<td></td>
<td>Department Head, Grant Financial Management</td>
<td>Reviewed Audit Report</td>
</tr>
<tr>
<td>Performance Rating: Assess Grant and PR Performance</td>
<td>Department Head, GPS</td>
<td>CT assessment of the grant and PR performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance Rating (programmatic rating, financial rating and PR rating)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>432 issued</td>
</tr>
<tr>
<td>Communicate Assessment and Required Actions</td>
<td>Department Head, GPS</td>
<td>Performance Letter issued</td>
</tr>
<tr>
<td>Support In-Country Program Review and Evaluation</td>
<td>Department Head, Programmatic Monitoring</td>
<td>As applicable:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Program Review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Periodic Performance Review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Enhanced Portfolio Review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Program Evaluation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Form, functionality or tool name</th>
<th>Owner*</th>
</tr>
</thead>
<tbody>
<tr>
<td>PU/DR Form</td>
<td>Head, Operational Efficiency (OE), GPS</td>
</tr>
<tr>
<td>Pulse Checks Form</td>
<td>Head, OE, GPS</td>
</tr>
<tr>
<td>Performance Letter</td>
<td>Head, OE, GPS</td>
</tr>
<tr>
<td>Implementation Oversight Module</td>
<td>Head, OE, GPS</td>
</tr>
<tr>
<td>External Audit Tracker (EAT)</td>
<td>Department Head, Grant Financial Management</td>
</tr>
<tr>
<td>Integrated Risk Management module (IRM)</td>
<td>Department Head, Risk Management</td>
</tr>
<tr>
<td>Recoveries module</td>
<td>Department Head, Grant Financial Management</td>
</tr>
<tr>
<td>Implementation Arrangements Map</td>
<td>Department Head, GPS</td>
</tr>
</tbody>
</table>

432 The PR performance rating approach is not yet implemented by the Global Fund.
<table>
<thead>
<tr>
<th>M&amp;E System Profile</th>
<th>Department Head, Programmatic Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program and Data Quality Assurance Activities ToR Templates for LFA Services</td>
<td>Department Head, Programmatic Monitoring</td>
</tr>
</tbody>
</table>

* Key responsibilities of sub-process owners include (i) define business design & requirements for system development, (ii) define test scenarios, ensure tester availability, user acceptance testing & sign-off of requested item from a process, policy, system & data perspective, (iii) prepare change management, training & communications materials (as input into the overall launch communications & change management), (iv) ensure policy, guidance, instructions are up to date, (v) ensure compliance (e.g. reporting, checks for completion at GAC submission etc.), (vi) provide daily support to end-users throughout process completion / grant life cycle (including handling of Service Now tickets), (vii) approve exceptional systems interventions (e.g., rollbacks, data corrections). The overall process owner signs-off on any process, sub-process, template, or tool changes.
## Annex 2. Overview of Requirements and Best Practices

### Approach & Grant Deliverables

<table>
<thead>
<tr>
<th>Requirement / Best Practice</th>
<th>High Impact &amp; Core</th>
<th>Focused</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Implementation Oversight by the Country Team</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Define Implementation Oversight Priorities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Oversight and assurance activities identified</td>
<td>R</td>
<td>R433</td>
</tr>
<tr>
<td>• Regular engagements with country planned</td>
<td>BP</td>
<td></td>
</tr>
<tr>
<td>• Oversight, assurance activities and country engagements captured in existing CT workplans</td>
<td>BP</td>
<td></td>
</tr>
<tr>
<td><strong>Oversee Grant Delivery</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Oversight and assurance activities implemented and adjusted (as applicable)</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>• Required CT actions to address implementation challenges identified and delivered (as applicable)</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>• Status of Grant Requirements and required actions tracked</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td><strong>Oversee PR Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Inputs to PR implementation workplan</td>
<td>BP</td>
<td></td>
</tr>
<tr>
<td>• Oversight and assurance activities implemented and adjusted (as applicable)</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>• Required capacity strengthening measures identified and agreed with PR and/or CCM (as applicable)</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>• Recoveries managed (as applicable)</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Collect Information and Review Progress</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• PU submitted and reviewed</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>• PU/DR submitted and reviewed</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>• Pulse Check submitted and reviewed</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>• Audit Report submitted and reviewed</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Performance Rating: Assess Grant and PR Performance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Grant Performance (programmatic and financial ratings)</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>• PR Performance qualitative assessment</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>• Assessment and required actions communicated through Performance Letter</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>Support In-country Program Review and Evaluation</strong> (as applicable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Support in-country program review</td>
<td>R</td>
<td></td>
</tr>
<tr>
<td>• Support periodic performance reviews</td>
<td>R</td>
<td>BP</td>
</tr>
<tr>
<td>• Commission enhanced portfolio review (as applicable)</td>
<td>BP</td>
<td></td>
</tr>
<tr>
<td>• Support program evaluation</td>
<td>BP</td>
<td></td>
</tr>
</tbody>
</table>

433 LFA work planning and budgeting only
## Global Portfolio Oversight by Business Risk Owners and Senior Management

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
<th>Requirement / Best Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Risk Owners</strong></td>
<td>Policy and technical guidance to CTs in respective functional areas</td>
<td>Refer to OPN on Risk Management</td>
</tr>
<tr>
<td><strong>GMD Management</strong></td>
<td>Supervision and strategic guidance to CTs and regular monitoring of regional and global portfolio</td>
<td>R</td>
</tr>
<tr>
<td><strong>PPC</strong></td>
<td>Undertake CPR, PPC Executive Session, PPC thematic session, and/or EPR</td>
<td>As per selection criteria</td>
</tr>
</tbody>
</table>
Annex 3. Collection of Information for Oversight

1. Below is a non-exhaustive list of sources and examples of information that can be used to provide effective oversight of grant delivery and PR operations.

<table>
<thead>
<tr>
<th>Source of information</th>
<th>Examples of information[^434]</th>
</tr>
</thead>
</table>
| PU/DRs and Pulse Checks[^435] | • Programmatic and financial progress, as well as operational elements of the grant.  
| | • Important source for tracking Key Mitigating Actions for major risks, including co-financing commitments. |
| Audit Report | • PR compliance of the use of Grant Funds and the adequacy of internal controls[^436]. |
| IRM module | • Important source for tracking mitigating actions for identified risks and assurance activities. |
| Follow up on the implementation of TRP Recommendations | • Subject to the specific TRP recommendation. |
| National annual expenditure on health and the three diseases | • Important source for tracking co-financing commitments. |
| Available dashboards and/or oversight tools | • Period-specific financial, programmatic and procurement information. |
| Performance Letters and other assessment communication from the Global Fund | • Highlights grant and PR performance with specific areas for action. |
| National disease program epidemiologic reports/databases | • The evolution of the epidemic in the country, which can help identify vulnerable populations at increased risk. |
| Site visits | • Additional information on specific issues that may have emerged from Global Fund assessments, and/or verify information reported by the PR. |
| Feedback from people living with diseases or community-based monitoring initiatives present in-country | • Insight into the effectiveness of grant activities among the communities affected and identify bottlenecks to service delivery. |
| Spot Checks | • Periodic Program and/or data quality. |
| Health Management Information System (HMIS), (e.g., DHIS2[^437]) | • System whereby health program data are recorded, analyzed, and used for program planning and patient care. |
| Logistic Management Information system (LMIS) | • Essential information on quantification processes and for planning distribution along the supply chain, avoiding overstocks and stock-outs. |

[^434]: Information will vary by grant and country.
[^435]: As the principal sources of information, the PU/DR and Pulse Checks are always shared with the CCM.
[^436]: Refer to the Guidelines for Annual Audit of Global Fund Grants for more information.
[^437]: An open source, web-based platform most commonly used as a health management information system (HMIS).
Annex 4. In-Country Program Reviews and Evaluations

1. In-country program reviews and evaluations are part of the Global Fund Monitoring and Evaluation Framework and are made up of program reviews, periodic performance/routine data reviews, enhanced portfolio reviews and country-led program evaluations.

2. In the current global context where resources are very limited as compared with the overall need, well-designed in-country program reviews and evaluations guide programs to the most optimal path to achieve sustainable impact, system resilience, equity and efficiency.

3. This annex provides guidance to CTs and other supporting structures within the Secretariat for planning, coordination, implementation and quality assurance of in-country program reviews and evaluations, as well as the use of their findings. It also ensures the consistency and quality of the process and products of in-country program reviews and evaluations. The planning and implementation status of the reviews and evaluations is tracked through country M&E Profiles for High Impact and Core portfolios and using workplan tracking measures in the performance frameworks.

Principles

4. The Secretariat takes the following principles into account in all stages of in-country program reviews and evaluations process:

- **Alignment**: In-country program reviews are aligned with country systems, processes and program cycle.

- **Ownership and Inclusiveness**: In-country program reviews are owned and managed by the country, usually by the Ministry of Health and/or its national disease programs, technically supported by WHO, with participation of relevant global and national stakeholders.

- **Quality**: In-country program reviews and evaluations are of quality necessary to inform program design and implementation.

- **Tailored**: The design and implementation of program reviews are tailored to the epidemiological contexts, portfolio category and level of investment in country. Generic Terms of References (ToRs) can be adapted to each country.

- **Learning**: The use of the findings is the primary purpose of in-country program reviews and evaluations. Final reports are made available within three months after completion of program review field work to ensure findings can be used in a timely manner. Findings are used for learning and to inform program design implementation and revisions, and not to penalize grants or programs.

- **Accountability**: All national disease programs are subject to demonstrating their results against the targets defined in NSPs or in grant agreements with donors. In-country program reviews and evaluations are among the primary means to ensure the national disease programs’ accountability to the governments, donors, civil societies and program beneficiaries.

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438 Refer to the Global Fund Strategic Framework for Data Use for Action and Improvement at Country Level.

439 Within the Secretariat, the process of In-Country Program Reviews & Evaluations is coordinated by MECA under the strategic guidance of the Secretariat M&E Working Group.

440 For example, reviews in COE and Focused portfolios may have a more targeted scope than reviews in High Impact and Core portfolios.

441 Generic terms of references for reviews and evaluations

442 Learning refers to a process of translating findings and recommendations from a program review or evaluation into programmatic actions as well as informing program design and implementation.
• **Transparency**: All final reports from in-country program reviews and evaluations are accessible to all stakeholders. This permits the tracking of progress over time and ensures mutual accountability.

**Objectives**

5. This Annex provides guidance to help CTs, PRs and lead implementers to:

- **Institutionalize** in-country program reviews, evaluations and enhanced portfolio reviews including the frequency and timing of program reviews and criteria for program evaluations/enhanced portfolio reviews by: a) ensuring that program reviews are planned, budgeted and conducted at least once in a 3-year grant implementation cycle, which are mandatory in High Impact and Core countries, as well as countries submitting Tailored for NSP funding applications; b) ensuring program reviews are supported in Focused countries as deemed appropriate through a prioritization process against a set of defined criteria; c) defining criteria for when evaluations or enhanced portfolio reviews shall be conducted in addition to and/or in lieu of program reviews.

- **Operationalize** in-country program reviews, evaluations, and enhanced portfolio reviews through: a) defining the roles and responsibilities of different teams at the Global Fund Secretariat, as well as in-country and global partners in the planning, design, and implementation of in-country program reviews, evaluations, and enhanced portfolio reviews, and in subsequent use of the results; b) outlining processes to ensure program reviews are planned well in advance, including scope, timeline, budget and technical assistance (TA) needed—ideally considering the timelines for funding request and grant-making.

- **Ensure the quality** of in-country program reviews, evaluations, and enhanced portfolio reviews, by institutionalizing quality assurance at planning, implementation and report preparation stages, as well as a quality assessment of the process and reports. This also includes provision of updated guidance, tools, and generic ToRs jointly developed with WHO and partners, as well as facilitation of technical support tailored to country-specific needs.

- **Ensure the dissemination and learning** of findings from in-country program reviews, evaluations, and enhanced portfolio reviews - that the findings and recommendations are appropriately referred to and used at various stages of program management cycle, i.e., during NSP revision, while preparing funding requests, during the grant making or reprogramming processes, and when deciding on the annual disbursements. This also includes biannual synthesis reports of key findings, recurring themes and recommendations, to be shared with the Senior management and various teams within the Secretariat, relevant board committees and partners.

**Program Reviews**

6. A program review is a systematic review of program design, inputs, implementation and results against national strategic objectives and targets as well as regional and global benchmarks. National program review is conducted every two to three years following the national strategic planning cycle. It is owned and managed by the Ministry of Health or its national disease programs and usually carried out by a joint national and international team of experts. Program reviews are mandatory in High Impact and Core portfolios, and strongly recommended for Focused portfolios with Tailored for NSP funding applications. CTs negotiate a budget and an appropriate timeline for program reviews with national programs that serve both the national need and grant-specific aspects. The main objectives of program reviews are to:

a. examine progress and impact of national disease programs, including all contributions (government, civil society, private sector) towards the objectives and targets of the National Strategic Plan (NSP) and regional/global coverage, outcomes and impact targets;
ii. examine progress in strengthening key programmatic/thematic health system areas, including cross-cutting aspects such as human rights, equity, human resources, laboratory, supply chain management, information systems, domestic resource mobilization, etc.;

iii. review the structure, organization, financing, and management of the program, partnerships and funding landscape, including engagement of civil society and private sector, where relevant; and

iv. inform a revision of NSP, the Global Fund Funding Request and/or grant implementation.

7. During funding applications, CTs/PHME Specialists must ensure that program reviews are planned and budgeted for in the respective disease program funding request, specifying all funding sources that may contribute to the review. During implementation, PHME Specialists engage with national disease programs to ensure that: a) the planned timelines are respected and TORs are shared for secretariat review and input; b) funding and technical support for the review has been fully mobilized; c) the program reviews are accompanied by an appropriate epidemiological and impact analysis; d) additional technical support is accessed through the MECA M&E TA pool (if required); e) draft program views reports are reviewed by the CTs/PHME Specialists and relevant technical teams, as appropriate, before final versions are validated by the countries; and f) final reports are shared with MECA for synthesis, quality review and feedback. MECA tracks mandatory program review planning and supports CTs through facilitation of technical support and access to generic TORs, which countries can adapt to their respective local contexts.

Periodic Performance Reviews

8. Periodic performance reviews, also called “routine data reviews” in some settings, refer to national or sub-national review of program implementation and results, conducted at regular intervals (quarterly, semi-annually, annually). They are informed by the analysis of routine programmatic data and serve as a platform for programmatic and operational discussions and decisions, based on progress against annual and semi-annual targets. Such platforms are led by respective disease programs and used to assess achievements in program implementation, gaps, challenges and opportunities for course correction, as needed. Sub-national health authorities (provincial/regional and district levels) usually organize monthly, quarterly or semi-annual performance reviews, whereas those at national level typically hold semi-annual or annual reviews.

9. Periodic performance reviews are mandatory in High Impact and Core countries. During funding applications and grant-making, the PHME Specialist ensures that CCMs have included plans and budget for periodic performance reviews. The PHME Specialist explores with the MOH and disease programs if sound guidance and tools for such reviews exist. Standard WHO health facility data analysis packages for national and subnational levels are available. When no quality guidance exists or it has been applied insufficiently, the PHME Specialist engages with national stakeholders to strengthen the approach using grant funds, as required. Technical support to strengthen this component can be accessed through the MECA M&E TA pool. MECA will track routine review planning where mandatory and discuss M&E investments to ensure data analysis and use are integrated in routine review methodology at all levels.

Enhanced Portfolio Reviews

10. An enhanced portfolio review refers to an in-depth assessment of the entire grant portfolio or specific program areas of a national disease program, against a predefined program design and defined, verifiable results, commissioned by the Global Fund Secretariat and implemented by an external provider or jointly with partners. Enhanced portfolio reviews are particularly suited for Focused portfolios, and are planned, budgeted for and implemented once per 3-year grant cycle.

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443 Emergency program review maybe triggered by country crises or emergency, to inform grant revision to this effect.

The results can serve as an important assurance mechanism regarding whether Global Fund investments in the portfolio represented a good value for money. The evidence generated through enhanced portfolio reviews guide decisions on what should continue and what should change.

11. The need for an enhanced portfolio review is determined by the CT, in consultation with MECA and other technical teams. If the need is jointly determined, the cost of the review including TA costs, is budgeted using grant funds. Depending on the scope of the review, technical support could be accessed through the MECA M&E TA Pool. MECA is consulted during the development of TORs and review of reports before they are validated by countries. Please refer to para. 14 below which outlines other scenarios when the Secretariat may consider commissioning such a review.

Program Evaluations

12. A program evaluation is a rigorous assessment of the entire program or specific areas of a national disease control program against a predefined program design (or theory of change) and defined, verifiable results, implemented by an expert service provider or jointly with partners. Country-led evaluations are commissioned by the Ministry of Health and/or other in-country partners and may be supported by the Secretariat. The need for a program evaluation is determined based on the assessment of the quality of the program review process and resulting reports, with considerations to the recommendations from previous evaluations, specific program needs, and/or donor requirements.

13. If a country intends to undertake a program evaluation with Global Fund resources, the scope is discussed and agreed with the CT during grant-making. The CT, in consultation with MECA and other relevant technical teams, will support the country in the planning and execution of the evaluation.

14. In addition, the Secretariat may consider commissioning an evaluation or enhanced portfolio review when:
   i. there have been no program reviews or any other forms of program evaluations conducted in the last three years and there are no plans nor secured funding for program reviews or evaluations in the current grant cycle;
   ii. the process and/or product of most recent program review is deemed to be inadequate;
   iii. a program review or previous evaluation recommends the entire or part of the national program be independently evaluated;
   iv. The CT, Technical Advice and Partnership (TAP) Department, Community Rights and Gender (CRG) Department, Health Financing Department or other department recommends an evaluation of specific programmatic or cross-cutting needs; or
   v. an agreement is reached for a joint evaluation based on recommendations from partners or donors.

15. The Secretariat participates in the planning and implementation of program reviews, support program evaluations, and actively engages in periodic performance reviews. When such reviews are not available, the Secretariat actively coordinates with the CCM and relevant health authorities to help institutionalize the platforms. The Secretariat avails the grant and other resources to build up the in-country capacity for program reviews, evaluations and periodic performance reviews.

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445 Refer to the high-level criteria on program review quality.
Quality assurance of in-country program reviews and evaluations

16. MECA, in coordination with TAP teams and technical partners, facilitates the provision of latest guidelines and generic ToRs for program reviews and evaluations (including key aspects of RSSH, CRG, private sector engagement, etc.) for countries to adapt to local contexts.

17. The CT and/or focal points from other technical teams (e.g., Disease teams, MECA, RSSH and CRG) may participate in the program review and evaluation process, based on their availability and identified need by the country or CT.

18. MECA conducts a six-monthly synthesis of program review and evaluation reports to provide ongoing feedback on key recurring recommendations, as well as on the quality of the conduct and content of the reviews.

Dissemination and use of evidence from in-country program reviews and evaluations

19. Dissemination and the use of findings are critical steps to ensuring in-country reviews and evaluations provide learnings for program improvement.

20. At country level, the national program disseminates program review and evaluation reports, together with in-country stakeholders, to relevant audiences in different forms including, sharing the report, organizing in-country dissemination sessions, and making the report available through official websites. With support from in-country stakeholders, the national program creates aide mémoires for the official adoption of findings and recommendations by the Ministry of Health.

21. At the Secretariat level, MECA coordinates bi-annual synthesis of the main findings and recommendations of program reviews and evaluations conducted each year. The synthesis report is shared with CTs, senior management, technical teams, relevant partners, and Board Committees. The CTs may use the synthesis of findings and recommendations to inform discussions during country dialogue, grant-making and implementation. The information can also guide discussions with global level technical partners if guidelines or tools need to be updated/developed or if existing ones need wider dissemination at country level, as well as to identify technical areas where countries may need further support.

22. MECA tracks the use of program review and evaluations in funding request, NSP revisions and other critical programmatic decisions. All program reviews or evaluations, as part of their scope, must revisit the status of implementation of recommendations from the previous program reviews or evaluations.

Reference links
- Guide to conducting programme reviews for the health sector response to HIV
- Framework for conducting reviews of tuberculosis programmes
- Malaria program review manual
- Practical manual for malaria programme review and malaria strategic plan midterm review
- WHO guidelines for analysis and use of health facility data
## Change History

<table>
<thead>
<tr>
<th>Version No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
</tr>
</thead>
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<td>1.0</td>
<td>EGMC</td>
<td>Initial version</td>
<td>28 April 2022</td>
</tr>
<tr>
<td>1.1</td>
<td>Chair, EGMC</td>
<td>Update to Annex 1 on Sub-process Owners</td>
<td>20 September 2023</td>
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</table>
Operational Procedures

Oversee Implementation and Monitor Performance

Approved on: 28 April 2022
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions and Support Department
Associated OPN: OPN on Oversee Implementation and Monitor Performance

Metrics for Oversee Implementation and Monitor Performance

Principal Recipients (PRs), Local Fund Agents (LFAs) and Country Teams (CTs) are expected to meet the following deadlines:

- PR submits Progress Update (PU) within 45 days and PU/Disbursement Request (DR) within 60 days from last reporting period end-date.
- LFA submits findings and recommendation(s) 20 days from the receipt of the PU and PU/DR.
- CT issues the Performance Letter and Performance Rating within 95 days (PU) and 110 days (PU/DR) from last reporting period end-date.

Purpose

1. This document provides procedural guidance on how the Global Fund Secretariat oversees implementation and monitors performance. The specific grant deliverables set out in these procedures do not apply to Focused portfolios, unless explicitly stated (see also Annex 1 of the OPN on Oversee Implementation and Monitor Performance).

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446 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).

447 In this OPN, ‘days’ refers to calendar days, unless otherwise stated.
# A. Implementation Oversight by the Country Team

## 1. Define Implementation Oversight Priorities

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>HI &amp; Core</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.1</strong> Oversight and assurance activities identified</td>
<td>R 448</td>
<td>Annually as part of portfolio work planning of the CT and in line with LFA Budgeting timelines (as applicable)</td>
<td>Oversight activities: Prepared by: CT Approved by: FPM Assurance activities: as per Global Fund Guidelines and Procedures: - Budgeting Guidelines for LFA Services - Guidelines for Financial Assurance Planning for Global Fund Grants</td>
</tr>
<tr>
<td>e.g. Data quality review (DQR), verifications, spot checks, in-country program reviews or evaluations</td>
<td>R 449</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1.2</strong> Regular engagements with county planned</td>
<td>BP 450</td>
<td>As needed</td>
<td>Planned by: FPM, in consultation with the CT</td>
</tr>
<tr>
<td><strong>1.3</strong> Oversight, assurance activities and country engagements captured in existing CT workplans</td>
<td>BP</td>
<td>Annually as part of portfolio work planning of the CT</td>
<td>Prepared by: CT Approved by: FPM</td>
</tr>
</tbody>
</table>
### 2. Oversee Grant Delivery

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Oversight and assurance activities implemented and adjusted (as applicable)</td>
<td>R</td>
<td>R</td>
<td>Ongoing</td>
<td>Implemented by: CT</td>
</tr>
<tr>
<td>2.2 Required CT actions to address implementation challenges identified and delivered (as applicable), such as:</td>
<td>R</td>
<td></td>
<td>As applicable</td>
<td>Implemented by: CT</td>
</tr>
<tr>
<td>- Disbursements adjusted</td>
<td></td>
<td></td>
<td>As applicable</td>
<td>As per the Operational Procedures on Annual Funding Decisions and Disbursements</td>
</tr>
<tr>
<td>- Technical and Implementation Support facilitated (as applicable)</td>
<td></td>
<td></td>
<td>As applicable</td>
<td></td>
</tr>
<tr>
<td>- Revision(s) completed (as applicable)</td>
<td></td>
<td></td>
<td>As applicable</td>
<td>As per the Operational Procedures on Grant Revisions</td>
</tr>
<tr>
<td>- Additional funds requested through Portfolio Optimization(^{451}) (as applicable)</td>
<td></td>
<td></td>
<td>According to Portfolio Optimization windows(^{452})</td>
<td>As per the Operational Procedures on Portfolio Optimization (forthcoming)</td>
</tr>
<tr>
<td>2.3 Status of grant requirements(^{453}) and required actions tracked</td>
<td>R</td>
<td></td>
<td>Ongoing, but at minimum during review of PU/DR</td>
<td>Reviewed and tracked by: PO</td>
</tr>
<tr>
<td>- Required follow-up actions determined (if not fulfilled)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- New grant requirements or required actions determined (as applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{451}\) If grant is positioned to accelerate implementation and where funds are available.

\(^{452}\) Depending on availability of funds.

\(^{453}\) Includes co-financing requirements.

### 3. Oversee PR Operations

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Inputs to PR implementation workplan</td>
<td>BP</td>
<td></td>
<td>Prior to start of next execution period</td>
<td>Prepared by: PR reviewed by: PO, with inputs from CT and support from LFA (as applicable)</td>
</tr>
<tr>
<td>See Annex 1 on Recommended Elements for a PR Annual Implementation Workplan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 Oversight and assurance activities implemented and adjusted (as applicable)</td>
<td>R</td>
<td>R</td>
<td>According to timelines in existing CT workplan</td>
<td>Prepared by: LFA or other assurance provider reviewed by:</td>
</tr>
</tbody>
</table>

THE GLOBAL FUND

Operational Procedures
3.3 Required capacity strengthening measures identified and agreed with PR and/or CCM, (as applicable), such as:

- Following the outcome of assessments from assurance activities

Facilitated by: FPM, with inputs from CT, CCM and partners (as applicable)

- Decision to outsource PR responsibilities through, for example:
  - Fiduciary/Fiscal/Payment Agent
  - Procurement Agent
  - Use of Pooled Procurement Mechanism (PPM)

As applicable

As per Global Fund Guidelines on Financial Risk Management

As per the OPN and Procedures on Pooled Procurement Mechanism

- Decision to change PR/SR

As applicable

Change of PR:
  - Approved as per the OPN and Operational Procedures on Grant Revisions

Change of SR:
  - Approved by PR

- Additional Safeguard Policy invoked or revoked (as applicable)

As applicable, based on portfolio risk assessment

Refer to OPN on Additional Safeguard Policy

3.4 Recoveries managed

Following the review of the PU/DR, Audit Report, spot check, an investigation by the Office of the Inspector General, or other source or process (as applicable)

Refer to the Guidelines for Grant Budgeting and the OPN on Recovery of Grant Funds

4. Collect Information and Review Progress

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 PR reports submitted and reviewed:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- PU/DR\(^{454}\)

Submitted to the Global Fund through Partner Portal

R | R\(^{455}\) | PR submission:
Mid-year PU:
Within 45 days from the end of the last 6-month reporting period

Prepared by: PR
  - PU (High Impact & Core only)
  - PU/DR (All portfolios)

Verified by: LFA

\(^{454}\) Refer to PU/DR Form Instructions for more information.

\(^{455}\) Not required to submit a PU.
Annual PU/DR:
Within 60 days from the end of the last 12-month reporting period

LFA submission:
Within 20 days from receipt of PU/DR

Data validated by:
Mid-year PU:
Within 80 days from the end of the last 6-month reporting period
Annual PU/DR:
Within 95 days from the end of the last 12-month reporting period

Data quality verified by:
Grants Ops
Reviewed and validated by:
- PO or FPM (Focused): reviews overall progress
- PHME Specialist: reviews and validates programmatic data and rating and recommends required actions
- Finance/PST Specialist: reviews and validates financial data and rating and recommends required actions
- HPM Specialist (High Impact & Core only): reviews procurement and supply chain information and recommends required actions

Approved by: FPM

---

**Pulse Check**

Submitted to the Global Fund through Partner Portal

<table>
<thead>
<tr>
<th>R</th>
<th>PR submission: 35 days the end of the last reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Data quality verification: Immediately after PR submission</td>
</tr>
<tr>
<td></td>
<td>CT Review: Following data quality verification</td>
</tr>
<tr>
<td></td>
<td>Data validation: Following CT review</td>
</tr>
</tbody>
</table>

Prepared by: PR (High Impact & Core only)
Data quality verified by: Grant Ops
Completeness reviewed by: PO or FPM
Data validated by: Finance

---

**Audit Report**

<table>
<thead>
<tr>
<th>R</th>
<th>PR submission: Within 6 months from the end of the audit period</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>Review and validation: Immediately after PR submission</td>
</tr>
</tbody>
</table>

Submitted by: PR (All portfolios)
Reviewed and validated by: Finance/PST Specialist (Focused)

---

456 Refer to the [Guide for PRs on Completing and Submitting Pulse Checks](#) for more information.
457 Validation of financial data is handled centrally.
458 Refer to the [Guidelines for Annual Audit of Global Fund Grants](#) for more information.
## 5. Performance Rating: Assess Grant and PR Performance

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| 5.1 Grant performance (programmatic and financial ratings) | R | R | Immediately after PU/DR review and data validation | Programmatic and Financial Ratings validated by:  
- PHME Specialist  
- Finance Specialist  
(see PU/DR review section above)  
If no management adjustment applied to Performance Rating:  
Validated and released by: FPM  
If management adjustment applied:  
Requested by: FPM  
Approved by: Regional Manager/Department Head⁴⁵⁹ |

See Annex 2 on Performance Rating Methodology

| 5.2 PR performance qualitative assessment⁴⁶⁰ | R | R | Immediately after PU/DR review | Assessed by:  
- PO  
- FPM  
With inputs from:  
- LFA review  
- PHME Specialist  
- Finance/PST Specialist  
- HPM Specialist |

## 6. Communicate Assessment and Required Actions

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| 6.1 Assessment and required actions communicated through Performance Letter, which includes: | R | R | PU: Within 95 days from the end of the last 6-month reporting period  
PU/DR: Within 110 days from the 12-month reporting period | Prepared by: PO or FPM/FPA (Focused).  
Reviewed and signed by: FPM |

⁴⁵⁹ For High Impact Departments.  
⁴⁶⁰ PR performance using a PR Rating for High Impact and Core portfolios is in development.
7. Support In-Country Program Review and Evaluation

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Impact and Core, and strongly recommended for Focused with Tailored for National Strategic Plans (NSP) funding applications only:</td>
<td>R</td>
<td>Every 3 years following the national planning461</td>
<td>Planned by:  - Ministry of Health or  - National disease control programs  Conducted by: Joint national and international team of experts  Reports reviewed by:  - FPM, PHME Specialist, with inputs from the CT  - MECA (review includes providing learning synthesis of key themes and recommendations)  - Relevant technical teams: TAP, CRG</td>
<td></td>
</tr>
<tr>
<td>7.1 Support in-country program review</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High Impact and Core only:</td>
<td>R</td>
<td>National level: annual basis  Sub-national level: semi-annual basis</td>
<td>Planned and conducted by:  Respective disease programs at national and sub-national levels  Reports reviewed by:  - FPM and PHME Specialist, with inputs from the CT</td>
<td></td>
</tr>
<tr>
<td>7.2 Support periodic performance review</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recommended for Focused portfolios (as applicable)462:</td>
<td>BP</td>
<td>As determined by the CT</td>
<td>Planned by:  CT, in consultation with MECA and other technical teams  Conducted by: External provider or jointly with partners</td>
<td></td>
</tr>
<tr>
<td>7.3 Commission enhanced portfolio review</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

461 Normally occurs at the mid or end-term of NSPs or national health sector strategy.

462 In cases when the quality of a program review is deemed inadequate or when no review has occurred. Refer to Annex 4 of the OPN for more details.
E. Global Portfolio Oversight by Business Risk Owners and Senior Management

1. Business Risk Owners

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>As per the OPN and Procedures (forthcoming) on Risk Management.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Global Fund Senior Management

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>HI &amp; Core</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GMD Management:</strong> Supervision and strategic guidance to CTs and regular monitoring of regional and global portfolio</td>
<td>R</td>
<td>R</td>
<td>As applicable</td>
</tr>
<tr>
<td><strong>PPC:</strong> Undertake CPR, PPC Executive Session, PPC thematic session, and/or EPR</td>
<td>As per selection criteria</td>
<td>Determined by the PPC</td>
<td>As per the PPC ToRs, Guidance Notes for</td>
</tr>
</tbody>
</table>

In cases when the quality of a program review is deemed inadequate or when no review has occurred. Refer to Annex 4 of the OPN for more details.
C. Monitoring the Process

1. The PR Reporting timelines\textsuperscript{465} are monitored by the Grant Portfolio Solutions and Support (GPS) Department and Finance. In-country program reviews and evaluations are monitored by the

\begin{table}
\begin{tabular}{|l|}
\hline
CPRs\textsuperscript{464} (forthcoming), and PPC Secretariat TORs (forthcoming), which provide details on the selection criteria and the process for preparation. \\
\hline
\end{tabular}
\end{table}

\textsuperscript{464} Guidance Notes are updated annually.  
\textsuperscript{465} As per the OPN.
Monitoring and Evaluation and Country Analysis Team (MECA) through the country M&E Profiles and using workplan tracking measures in the performance frameworks.

<table>
<thead>
<tr>
<th>Item</th>
<th>Monitoring</th>
<th>Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>PU/DR</td>
<td>Time between reporting period end date and PR submission of PU/DR</td>
<td>GPS</td>
</tr>
<tr>
<td></td>
<td>Time between the LFA receipt of the PU/DR and the LFA submission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time between reporting period end date and validation of programmatic and financial data by PHME Specialist and Finance Specialist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time between reporting period end date and validation of the Performance Rating and the issuance of Performance Letter by CT</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of technical adjustments made to the programmatic rating by PHME Specialists</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of HPM adjustments made to PR Rating</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of management adjustments made by the FPM</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of requests to edit validated data by FPM</td>
<td></td>
</tr>
<tr>
<td>Pulse Checks (forthcoming)</td>
<td>Time between reporting period end date and PR submission</td>
<td></td>
</tr>
<tr>
<td>Annual Audit Reports</td>
<td>Time between the audit period end date and the submission of audit report</td>
<td>Finance</td>
</tr>
</tbody>
</table>

---

466 For the reporting period cohorts ending on 31 December 2021 and beyond.
467 Planned for Release 2, for the reporting period cohorts ending on 31 December 2021 and beyond.
468 Planned for Release 2, for the reporting period cohorts ending on 31 December 2021 and beyond.
469 New, planned for Release 3, for the reporting period cohorts ending on 31 December 2021 and beyond.
470 Following the deployment of the PR rating.
Annex 1. Recommended Elements for a PR Annual Implementation Workplan

**What is the difference between a workplan and a detailed budget?**

A *workplan* breaks down agreed activities, with clear timelines, milestones, when cash is required and the planned completion/delivery. A workplan clearly articulates who is responsible for undertaking each activity by when, the sequence and relationships between activities (interdependencies) and considers the availability of human resources and ongoing projects.

A *detailed budget* estimates the costs of these activities with a breakdown by module, intervention, activity, cost input and unit cost, with the funding amounts required for each period, and serves as the baseline for the annual funding and disbursement process. The budget is broken down into quarters, which is the estimated period of delivery of good and services, rather than actual timing for the payment of grant activities, and shows when expenditures are expected to be recognized.

1. The implementation workplan is based on the objectives defined in the Grant Agreement and final grant documents (including but not limited to the Performance Framework, Summary Budget and Health Product Management Template (as applicable)) and covers grant delivery, as well as PR operations. As best practice, the following are recommended elements of an annual implementation workplan:
   
i. All activities\(^\text{472}\) that will enable meeting the grant objectives, including how they will be delivered, resources required, and how results will be monitored and evaluated.
   
ii. PR, SR and other roles, responsibilities and accountabilities assigned for each individual activity.
   
iii. The chronological flow of individual activities, including interdependencies and critical path activities, with built-in buffers to mitigate unforeseen delays.
   
iv. The timeframe for activities, with clear milestones and deadlines (including grant Requirements and critical management actions).
   
v. Implementation risks or bottlenecks with appropriate mitigating actions

---

\(^{471}\) As per the OPN.

\(^{472}\) Including, but not limited to, supervision and training plans, the procurement plan for health and non-health products, deployment plan (as applicable).
2. While there is no prescribed template for an implementation workplan, an illustrative example is provided below.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Sub-Activity</th>
<th>Description</th>
<th>Priority</th>
<th>Implementer</th>
<th>Entity Responsible</th>
<th>Person Accountable</th>
<th>Resources Required</th>
<th>Interdependencies</th>
<th>Start Date</th>
<th>End Date</th>
<th>Milestones</th>
<th>Activity On Track?</th>
<th>Actions / Recommendations</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Case detection &amp; diagnosis</td>
<td>1.1 Refresher training on Xpert MTB/RIF testing for 36 laboratory staff from 18 GeneXpert sites</td>
<td>Stationery and fuel</td>
<td>1</td>
<td>PR</td>
<td>NLTP/TB</td>
<td>Peter Burgess</td>
<td>Approved funding</td>
<td>Activity 1.6</td>
<td>01-Jan-22</td>
<td>30-Jun-22</td>
<td>50% staff trained by 31-Mar-22</td>
<td>Y</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2 Calibration of GeneXpert machines</td>
<td>Conduct the annual calibration of GeneXpert machines nationwide (12 provinces)</td>
<td></td>
<td>1</td>
<td>SR</td>
<td>Biovendor (Service Provider)</td>
<td>Clément Bourgoine</td>
<td>Approved funding</td>
<td>Activity 2.4</td>
<td>01-Jul-22</td>
<td>31-Dec-22</td>
<td>Complete calibration in 6 provinces per quarter</td>
<td>N</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 2. Performance Rating Methodology

1. The Global Fund Performance Rating applies to all grants. It is determined twice per year for High Impact and Core Portfolios, and annually for Focused portfolios based on progress reported and validated through PU/DRs. It captures grant and PR performance by assigning:
   i. **Programmatic Rating**: to measure to what extent the program is delivering the expected results;
   ii. **Financial Rating**: to measure to what extent the budget utilized as agreed; and
   iii. **Principal Recipient Rating** (for High Impact and Core portfolios only): to demonstrate how well the PR is implementing the grant *(currently in development)*.

2. The Performance Rating is one of the parameters taken into consideration when defining the amount for the Annual Funding Decision\(^{473}\).

3. The Performance Rating which is composed of the following:

   ![Performance Rating Scheme](chart.png)

   - **Grant Performance**
     - **Programmatic Rating**: To what extent the program delivering the expected results?
     - **Financial Rating**: To what extent the budget utilized as agreed?
   - **PR Performance**
     - **Principal Recipient Rating**: How well does the PR implement the grant?

4. **Management Adjustment**. A management adjustment can be applied to the Performance Rating on an exceptional basis to account for force majeure (e.g., war, pandemic, natural hazards, etc.). The PR rating may be adjusted upwards or downwards; however, the programmatic and/or financial ratings may only be adjusted to “no rating”.

**Programmatic Rating**\(^{474}\)

5. A quantitative indicator rating is calculated using the data from the indicators reported in the PU/DR\(^{475}\). Depending on the type of indicator and target setting in the Performance Framework, the results are aggregated over the reporting periods. The quantitative indicator rating is calculated as follows:
   - “Non-cumulative” targets: These reflect period specific targets/results, irrespective of the targets/results in the previous periods. In such cases, the relevant periodic targets/results will be added up to calculate the quantitative indicator rating.
   - “Non-cumulative (other) targets: This is applied to indicators that refer to people currently receiving services irrespective of the targets/results in previous periods. Therefore, the targets/results in the last reporting period will be used to calculate the quantitative indicator rating.

---

\(^{473}\) Refer to the OPN and Procedures on Annual Funding Decisions and Disbursements for more information.

\(^{474}\) The Quantitative Indicator Rating calculation has been maintained from the previous Grant Rating Methodology to ensure comparability over time.

\(^{475}\) If the grant’s quantitative indicator rating will be based on Work-Plan Tracking Measures, please refer to the section below on how to convert the Country Team’s evaluation of progress against the workplan into a quantitative indicator rating.
“Cumulative annually” targets: These targets are already cumulated over the year or the reporting period*. In such cases, the targets in the last reporting period will be used to calculate the quantitative indicator rating.

6. **Programmatic Rating Ranges.** The grant is assigned a value from A to E for programmatic performance.

<table>
<thead>
<tr>
<th></th>
<th>Excellent</th>
<th>≥ 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Good</td>
<td>90% - 99%</td>
</tr>
<tr>
<td>B</td>
<td>Moderate</td>
<td>60%-89%</td>
</tr>
<tr>
<td>C</td>
<td>Poor</td>
<td>30%-59%</td>
</tr>
<tr>
<td>D</td>
<td>Very Poor</td>
<td>&lt; 30 %</td>
</tr>
</tbody>
</table>

7. **Automatic Downgrading.** If an indicator is rated less than 60%, the Quantitative Indicator Rating is downgraded by one rating level, unless the Quantitative Indicator Rating is C, D or E, in which case no further downgrading is applied.

8. **Indicator Performance Cap Rule.** If an indicator’s performance is above 120%, the indicator’s performance used in the calculation of the “Average Performance All Indicators” is capped at 120%.

9. **Programmatic Technical Adjustment.** In some specific scenarios, the quantitative indicator rating may not reflect the actual grant/program performance due to the linkages and correlation across indicators. In such cases, the CT can adjust the quantitative rating to reach the final indicator rating. Appropriate and documented justification must be included for any changes to the quantitative indicator rating.

10. Cases in which a CT may consider a technical adjustment include, but are not limited to:

- The achievement or overachievement of one indicator, when correlated with another indicator, indicates a gap in reaching people in need of services i.e., below 60%.
- When there are multiple PRs and the underperformance of one indicator for one PR is resulting in the over-performance of another related indicator for another PR, when the actual performance of the latter is below 60% of the expected target.
- When disease grants with substantial investments in resilient and sustainable systems for health (RSSH) and/or community, rights and gender (CRG)-related modules that include both coverage indicators and Work Plan Tracking Measures (WPTMs): if the overall WPTM rating is below 60%, the quantitative indicator rating can be downgraded by one rating point.

11. The programmatic technical adjustment must not be used in cases due to:

- Delays in implementation of activities including M&E activities: In cases of extreme/unforeseen environmental or political crisis, the “management adjustment” (see below) may be possible.
- Delays in meeting grant requirements or required actions (which most likely will be covered under other ratings and/or adjustments).
- Underperformance due to activities or contexts beyond the control of the PR (which most likely will be covered under other ratings and/or adjustments).
• Insufficient level of funding to meet the targets.  
• Targets achieved before time.  
• Targets have overachieved.  
• COVID-related adaptations to the program/mitigation actions.  
• COVID-related delays/disruptions: these are to be reflected by maintaining the programmatic rating.  
• Issues with financial performance, e.g., under-absorption against agreed budget: these are to be reflected in the financial rating.  
• Weak PSM systems and/or persistent gaps in supply chain management, stock-outs, etc.: these are to be reflected in PR rating (currently under development).  
• Data quality issues:  
  - PR-reported results cannot be verified by the LFA (e.g., no supporting documents provided): the programmatic rating must be maintained. In such cases the result for the respective indicator will be considered zero.  
  - Documented programmatic data quality issues: to be reflected in PR rating (currently under development).  
• If programmatic rating is D, or E: do not downgrade.  
• Poor or good performance of indicators not in the Performance Framework.  
• Achieving global targets but not the grant targets.  
• Improvement from past reporting periods, but still showing underperformance.

Financial Rating

12. The financial rating uses two quantitative metrics and does not require any technical adjustment. These are:

13. **Budget utilization (BU)** demonstrates the Global Fund’s efficiency in making funds available to the grant. It is calculated by dividing the sum of in-country cash balance and cumulative disbursement by the cumulative disbursement:

\[
BU = \frac{\text{In-country Cash Balance} + \text{Cumulative Disbursement}}{\text{Cumulative Budget}}
\]

14. **In-country absorption (ICA)** maintains the link between programmatic and financial performance at grant level, while reflecting PR influence and/or control over its achievement of grant objectives. It is calculated by dividing the cumulative expenditure by the cumulative budget:

\[
ICA = \frac{\text{Cumulative Expenditure}}{\text{Cumulative Budget}}
\]

---

476 This is addressed during grant making or if the situation has changed during implementation, through a grant revision to change the targets and/or budget.  
477 Addressed through a grant revision if targets have been achieved early on in grant implementation or reported as planned for the respective reporting period.  
478 Addressed through the performance cap of 120%.
15. It can be calculated as soon as the Finance/PST Specialist has validated the expenditures.

16. **Financial Rating Ranges.** The grant is assigned a value from 1 to 5 for financial performance.

<table>
<thead>
<tr>
<th></th>
<th>Excellent</th>
<th>≥ 95%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Good</td>
<td>85% - 94%</td>
</tr>
<tr>
<td>3</td>
<td>Moderate</td>
<td>75% - 84%</td>
</tr>
<tr>
<td>4</td>
<td>Poor</td>
<td>65% - 74%</td>
</tr>
<tr>
<td>5</td>
<td>Very Poor</td>
<td>&lt; 65%</td>
</tr>
</tbody>
</table>

17. In some cases, BU is above 100% which can result into Financial Ratings above 100%. There is no cap for the financial rating.

18. **Weighting of Financial Rating (BU/ICA).** The weighting in the composition of the financial rating is 20% of the BU metric and 80% of the ICA metric.

**PR Rating**

19. The PR rating will provide insight in the PR performance that can trigger in-depth capacity assessment, technical support and improvement plans, among others. The metrics for the PR rating are currently being developed. During its development, a qualitative assessment of PR Performance will be made by the CT and communicated to the PR in the Performance Letter.

**Scoring Methodology for Work-Plan Tracking Measures**

20. There are some program areas (modules) and interventions that constitute essential investments in Global Fund grants but cannot be measured using available coverage indicators during the execution period being assessed and will therefore not result in a standard indicator rating. Moreover, these areas require additional qualitative measures to assess their effectiveness.

21. To address this, the Global Fund has developed a specific M&E framework for modules that do not have a service delivery component and will request the PR to report on progress through the PU/DR on the agreed upon work-plan tracking measures (WPTM).

22. A differentiated approach will be applied in using these measures for determining an indicator rating:

i. When grants do not include any coverage indicators, a scoring methodology will be applied to measure progress against WPTMs to arrive at an indicator rating.

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479 Under development.
480 Examples of such modules/interventions include removing legal barriers to access or changes in policy and governance under RSSH.
ii. When grants include both coverage indicators as well as the WPTMs, only the coverage indicators will be used to calculate the indicator rating. In these instances, the overall WPTM rating can be additionally used to make programmatic technical adjustment to quantitative indicator rating.\footnote{Refer to the section on the Programmatic Technical Adjustment in Annex 3.}

23. The following scoring methodology will be applied to derive scores and equivalent quantitative indicator rating.

1. The progress on work-plan tracking measures (i.e., milestones and targets for input and process indicators) will be categorized and their achievement scored as follows:

<table>
<thead>
<tr>
<th>Implementation progress during the reporting period</th>
<th>Category</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>No progress against planned milestone or target</td>
<td>Not started</td>
<td>0</td>
</tr>
<tr>
<td>Less than 50% completion of the milestone or target</td>
<td>Started</td>
<td>1</td>
</tr>
<tr>
<td>50% or more completion of planned milestone or target</td>
<td>Advancing</td>
<td>2</td>
</tr>
<tr>
<td>100% achievement of planned milestone or target</td>
<td>Completed</td>
<td>3</td>
</tr>
</tbody>
</table>

2. At each reporting period, depending on the progress in implementation of various activities, the respective score will be allotted to each measure.

3. Based on reported progress, the sum of all scores during the reporting period will be compared against the maximum score for that period to obtain the default WPTM rating.

<table>
<thead>
<tr>
<th>% achievement during the reporting period (total score/maximum score)</th>
<th>Default WPTM rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Excellent</td>
</tr>
<tr>
<td>B</td>
<td>Good</td>
</tr>
<tr>
<td>C</td>
<td>Moderate</td>
</tr>
<tr>
<td>D</td>
<td>Poor</td>
</tr>
<tr>
<td>E</td>
<td>Very Poor</td>
</tr>
</tbody>
</table>
Operational Policy Note

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
Sub-process Owner: See Annex 1

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\(^{482}\);
- 94% budget utilization, reported in end-June/end-December\(^{483}\); and
- 90% disbursement utilization, reported in end-March/end-September;
- AFD Notification Letter sent by CT within 15 days\(^{483}\) 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\(^{484}\) appropriately and take action to ensure grants continue to achieve maximum impact\(^{485}\). 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\(^{486}\) (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:

   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;

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\(^{482}\) Budget utilization is reported annually for Focused portfolios.

\(^{483}\) All references to “days” in the document shall mean calendar days, unless otherwise stated.

\(^{484}\) 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).

\(^{485}\) 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.

\(^{486}\) The amount committed under the AFD does not include centralized commitments and disbursements.
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.

<table>
<thead>
<tr>
<th>DECIDE ON ANNUAL FUNDING</th>
<th>DISBURSE FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine AFD Amount and Disbursement Schedule</td>
<td>Review Disbursement Schedule</td>
</tr>
<tr>
<td>Review Risks and Associated Mitigating Actions</td>
<td>Approve Disbursement</td>
</tr>
<tr>
<td>Approve AFD</td>
<td>Communicate Disbursement</td>
</tr>
<tr>
<td>Communicate AFD</td>
<td></td>
</tr>
</tbody>
</table>

**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)\(^{487}\) plus a period of up to 6 months (buffer period)\(^{488}\). 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\(^{489}\) in accordance with the relevant Grant Agreement (see fig. 1).

*Figure 1. AFD Period.*

\(^{487}\) In some cases, an execution period may be six months in high-risk environments. The same policies and processes apply except where indicated otherwise.

\(^{488}\) The Country Team determines whether the buffer period is 3 months or 6 months, as required.

\(^{489}\) 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\(^{490}\) 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\(^{st}\) AFD is lengthened or shortened to ensure such alignment\(^{491}\).

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\(^{st}\) AFD covers 15 months (plus a buffer). The 3\(^{rd}\) 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.](image)

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)\(^{492}\), (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\(^{st}\) 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\(^{st}\) 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\(^{st}\) AFD, the relevant signatory authority stipulated in the “Approve AFD section” will be invoked.

   The 1\(^{st}\) AFD does not consider grant or PR performance; however, it does consider any

\(^{490}\) 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.

\(^{491}\) This is exceptionally permitted for the 1\(^{st}\) or last AFD, since the execution period can only be up to 12 months.

\(^{492}\) Please refer to the OPN and Operational Procedures on Pooled Procurement Mechanism (PPM).
issues or actions identified during grant-making and/or approval.

- **2nd and 3rd 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)\(^{493}\) 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)\(^{494}\).

A Final Payment Letter\(^{495}\) 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\(^{496}\).

### 1. Determine AFD Amount and Disbursement Schedule

10. **Determine AFD Amount**. The 1st AFD amount is based on the approved grant budget. For the 2nd and 3rd AFD, the Country Team determines the AFD amount based on the following parameters\(^{497}\):

- **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

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\(^{492}\) See the Progress Update and Disbursement Request Form Instructions.

\(^{494}\) 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).

\(^{495}\) 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.

\(^{496}\) 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.

\(^{497}\) For grants applying the Payment for Results (PfR) 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.
to the OPN and Operational Procedures on Oversee Implementation and Monitor Performance for a full description of the Performance Rating Methodology.

- **PR Cash Expenditure Forecast**. 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. This forecast calculation is based on:
  
  i. **In-country cash balance and advances.** Any available, 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, 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.

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

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498 In the PU/DR.
499 Forecasts for Focused Light and Legacy models are based solely on the approved budget.
500 The calculation of the AFD amount does not include PPM/Wambo.
501 ‘Available funds’ is the cash balance minus any financial commitments and/or financial obligations.
502 Financial Services reduces the grant’s Purchase Order amount in the Global Fund Financial System (GFS) prior to initiating the AFD.
503 The report is accurate and complete.
504 When referencing multiple reports, the Finance Specialist assesses the condition of each.
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.

**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** 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. 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 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

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505 Grant Funds that have been committed to an AFD but not yet disbursed to the designated bank account of the PR or third party.

506 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.

507 Agreed between the Country Team, Grant Financial Management and Treasury.
context does not enable the PR to disburse to the SR, and SRs that are in different geographical locations 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.

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. 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.

**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. 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 (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 process.

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508 For example, for multi-country grants where the PR and SRs are located in different countries.

509 Please refer to Annex 3 of the *OPN on GED and its Operational Procedures*.

510 This includes the review of management issues to assess whether any need to be changed to a (Key) Mitigating Action.

511 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.

512 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.

513 Currently, Disease Fund Manager is applicable to the Nigeria, DRC, and India portfolios.
methodology to determine a grant’s financial risk ratings for the six risks within the Finance and 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:

<table>
<thead>
<tr>
<th>Approver</th>
<th>Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Zero AFD</td>
</tr>
<tr>
<td>DFM (if applicable)</td>
<td>Recommendation</td>
</tr>
<tr>
<td>FPM</td>
<td>Approval</td>
</tr>
<tr>
<td>Finance Specialist</td>
<td>Approval</td>
</tr>
<tr>
<td>SFPM, Cluster Lead (if applicable)</td>
<td>Approval&lt;sup&gt;514&lt;/sup&gt;</td>
</tr>
<tr>
<td>Regional Manager&lt;sup&gt;516&lt;/sup&gt;</td>
<td>Approval&lt;sup&gt;517&lt;/sup&gt;</td>
</tr>
<tr>
<td>Grant Finance Manager</td>
<td>Approval</td>
</tr>
<tr>
<td>Department Head</td>
<td>Approval</td>
</tr>
<tr>
<td>Division Head</td>
<td>Approval</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Approval Level</th>
<th>Approver Role</th>
<th>Decommitment†</th>
<th>AFD/Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury &amp; Financial Transactions Department</td>
<td>Analyst, Financial Services</td>
<td>Compliance verification</td>
<td>Compliance verification</td>
</tr>
<tr>
<td></td>
<td>Manager, Financial Services</td>
<td>Compliance review &amp; approval</td>
<td>Compliance review &amp; approval&lt;sup&gt;518&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

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

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<sup>514</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>515</sup> Where the SFPM, Cluster Lead directly manages the grant(s), the Regional Manager approves instead.

<sup>516</sup> Or Department Head for High Impact Department.

<sup>517</sup> Only for portfolios where Cluster approach is not applicable. Department Head approves for High Impact Department.

<sup>518</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\textsuperscript{519}, 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 \textbf{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 \textit{OPN and Operational Procedures on Oversee 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. \textbf{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\textsuperscript{520};
   iii. Increased cash needs due to accelerated implementation; or
   iv. Non-compliance of previous co-financing commitments\textsuperscript{521}.

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\textsuperscript{522} 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\textsuperscript{523}.

| High Impact and Core portfolios. |

\textsuperscript{519} Physical signature permitted when electronic approval not possible.

\textsuperscript{520} 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.

\textsuperscript{521} A proportionate withholding of disbursements may occur as a consequence of non-compliance of previous co-financing commitments. Please refer to the \textit{OPN on Co-financing} for more information.

\textsuperscript{522} For portfolios with DFMs the recommendation and submission is done by the DFM and approved by the SFPM.

\textsuperscript{523} Physical signature permitted when electronic approval not possible.
FPMs\textsuperscript{524} 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 (see Annex on Management of Exceptions of this OPN).

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\textsuperscript{525} 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.

\textsuperscript{524} For portfolios with DFM the recommendation and submission is done by the DFM and approved by the SFPM.

\textsuperscript{525} The CT can only provide additional text to the system-proposed text.
## Annex 1. Sub-process Owners

<table>
<thead>
<tr>
<th>Sub-process name</th>
<th>Sub-process owner*</th>
<th>Output(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine AFD(^{526}) Amount and Disbursement Schedule</td>
<td>Head, Grant Portfolio Solutions and Support</td>
<td>Completed ADMF</td>
</tr>
<tr>
<td>Review Risks and Associated Mitigating Actions</td>
<td>Head, Country Risk Management</td>
<td>Selected key risks and mitigating actions for grant (if applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Updated IRM (in case of any adjustments made)</td>
</tr>
<tr>
<td>Approve AFD</td>
<td>Head, Grant Finance</td>
<td>Approved AFD / Supplementary Funding Decision</td>
</tr>
<tr>
<td>Communicate AFD</td>
<td>Head, Grant Portfolio Solutions and Support</td>
<td>Sent Annual / Supplementary Funding Decision Notification Letter to the PR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Signed Final Payment Letter with the PR (if applicable)</td>
</tr>
<tr>
<td>Review Disbursement Schedule</td>
<td>Head, Grant Finance</td>
<td>Disbursement status: ‘Ready for Release’</td>
</tr>
<tr>
<td>Approve Disbursement</td>
<td>Head, Grant Finance</td>
<td>Released disbursement</td>
</tr>
<tr>
<td>Communicate Disbursement</td>
<td>Head, Grant Portfolio Solutions and Support</td>
<td>Sent Disbursement Notification Letter sent to PR and/or third party</td>
</tr>
</tbody>
</table>

### Form, functionality / Tool name

<table>
<thead>
<tr>
<th>Form, functionality / Tool name</th>
<th>Owner*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Decision-Making Form</td>
<td>Head Grant Portfolio Solutions and Support</td>
</tr>
<tr>
<td>GOS Grant Disbursements (AFDD) Module</td>
<td>Head, Grant Portfolio Solutions and Support</td>
</tr>
<tr>
<td>Global Fund Financial System for Financial transactions (Fusion)</td>
<td>Head, Grant Finance</td>
</tr>
<tr>
<td>Risk Tracker / Integrated Risk Management (IRM)</td>
<td>Head, Country Risk Management</td>
</tr>
<tr>
<td>External Audit Tracker (EAT)</td>
<td>Head, Grant Finance</td>
</tr>
<tr>
<td>Final Payment Letter</td>
<td>Deputy General Counsel, Legal Grant Management</td>
</tr>
<tr>
<td>Bank Letter</td>
<td>Head, Grant Finance</td>
</tr>
<tr>
<td>AFD / Supplementary Notification Letter</td>
<td>Head, Grant Portfolio Solutions and Support</td>
</tr>
<tr>
<td>Disbursement Notification Letter</td>
<td>Head, Grant Portfolio Solutions and Support</td>
</tr>
</tbody>
</table>

\(^{526}\) Includes 1st AFD, AFD and Supplementary Funding Decisions.
## Annex 2. Requirement Levels by Portfolio Category

<table>
<thead>
<tr>
<th>Grant Deliverables</th>
<th>Requirement by Portfolio Category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High Impact &amp; Core</td>
</tr>
<tr>
<td></td>
<td>Focused</td>
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<tr>
<td></td>
<td>Aligned</td>
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<td></td>
<td>Targeted</td>
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<td></td>
<td>Light</td>
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<tr>
<td></td>
<td>Legacy</td>
</tr>
<tr>
<td>Decide on Annual Funding</td>
<td></td>
</tr>
<tr>
<td>▪ Completed and approved annual</td>
<td>R</td>
</tr>
<tr>
<td>decision-making form</td>
<td>R</td>
</tr>
<tr>
<td>▪ Updated risks and mitigating</td>
<td>R</td>
</tr>
<tr>
<td>measures&lt;sup&gt;527&lt;/sup&gt;</td>
<td>---</td>
</tr>
<tr>
<td>▪ AFD Notification Letter sent to</td>
<td>R</td>
</tr>
<tr>
<td>PR</td>
<td>R</td>
</tr>
<tr>
<td>Disburse Funds</td>
<td></td>
</tr>
<tr>
<td>▪ Confirmed and approved</td>
<td>R</td>
</tr>
<tr>
<td>Disbursement</td>
<td>R</td>
</tr>
<tr>
<td>▪ Disbursement Notification</td>
<td>R</td>
</tr>
<tr>
<td>Letter sent to the PR and/or</td>
<td>R</td>
</tr>
<tr>
<td>third party</td>
<td></td>
</tr>
</tbody>
</table>

**Level of Requirements:**

- **R** = Required
- **BP** = Best Practice
- **---** = Not required

---

<sup>527</sup> For focused Portfolios, updated risks and mitigating measures are not documented in IRM during grant-making and will not be available during AFD.
## Change History

<table>
<thead>
<tr>
<th>No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
</table>
| 1.  | EGMC        | • Clarified rules that buffer cannot be released before 12 months of the execution period, but if required, the disbursement must be approved by Treasury.  
• Clarified definition of AFD (not incremental commitment but total disbursement over the execution and buffer period) and included rules on disbursing beyond the buffer period (up to 6 months after the buffer).  
• A differentiated approach for rolling out the new requirement for PRs to submit quarterly financial reporting on cash balances and (ii) clarification that the EFR remains applicable for old grants, while the new Annual Financial Report (AFR) is applicable for grants signed under the new funding model.  
• Introduces workplan tracking measures for use in grants without service delivery components as well as the rating methodology for grants converting the milestone tracking into a standard indicator rating.  
Clarifies the simplified process for making a first AFD based on the recently signed budget in the grant agreement. | 18 September 2014 | 2.2 |
| 2.  | EGMC        | • Standard 6 months buffer for AFDs for focused countries. 6 months buffer is also allowed for core and high impact countries.  
• For Focused Countries, disbursements approved either through a no-objection basis except when the disbursement is modified, cancelled, or requires additional sign-off.  
• PPM, AMFm and Wambo-related commitments will not be processed through the ADMF but through the IOCF process.  
• Provision for multi-currency disbursements if deemed more advantageous in terms of managing foreign exchange fluctuations.  
• Revised delegated authority for annual funding decisions and disbursements.  
• Additional flexibilities on disbursements to third parties.  
• Revised grant rating methodology. | 22 July 2016 | 2.3 |
<p>| 3.  | EGMC        | • Complete revision of the OPN to align with the Operational Policy Framework and relevant policy/system updates.                                                                                                                                                                                                                                                                                                                                                           | 26 November 2021 | 3 |
| 4.  | Head, GMD (EGMC Chair) | • Specified that disbursements can be made up to 21 months, under certain conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                           | 11 August 2022 | 3.1 |</p>
<table>
<thead>
<tr>
<th>No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Removed reference to the Grant Rating Methodology, used for the 2027-2019 funding cycle and before.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Revised section on managing level 1 exceptions to (i) clarify cumulative nature of the amounts of Supplementary Funding Decisions; (ii) specify which apply only to High Impact and Core portfolios; and (iii) establish threshold for the recoverable amounts exception for grants where Euro is the grant currency.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>• Revised section on managing level 2 exceptions to: (i) clarify the procedure to obtain offline approvals for disbursements; and (ii) reflect delegated authority to CFO and GMD Head in cases of OIG-confirmed misuse of funds.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Head, GMD (EGMC Chair)</td>
<td>• Added Level 3 exception in the AFD when the PO for an ongoing IP is not reduced by the FCR balance 18-month after the end of the previous IP.</td>
<td>19 October 2023</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Updated approval authority table to reflect delegated authority for Senior Fund Portfolio Manager, Cluster Leads and role of Disease Fund Managers.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Added annex on Sub-process Owners.</td>
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<tr>
<td></td>
<td></td>
<td>• Added annex on Requirements by Portfolio Category and captured differentiation for Focused Management Models.</td>
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</tbody>
</table>
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-December\(^{528}\);
- 90% disbursement utilization, reported in end-March/end-September;
- AFD Notification Letter sent by CT within 15 days\(^{529}\) 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.

\(^{528}\) Budget utilization is reported annually for Focused portfolios.

\(^{529}\) All references to “days” in this document shall mean calendar days, unless otherwise stated.
**A. Decide on Annual Funding**

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Annual Funding Decision</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st ADMF capturing:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- recommended AFD amount;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- disbursement schedule including payees and transaction currency;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- rationale and summary of the intended use of the recommended AFD amount.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The 1st AFD amount is</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

530 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.

531 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.

532 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).
1. Determine Funding Amount and Disbursement Schedule

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>based on the approved grant budget.</td>
<td></td>
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</tr>
</tbody>
</table>

**2nd and 3rd Annual Funding Decision**

2nd and 3rd ADMF capturing
- recommended AFD amount\(^{533}\);
- disbursement schedule including payees and transaction currency;
- rationale and the summary of the intended use of funds provided.

As a starting point, the CT uses the amounts requested by the PR in the latest PU/DR, and then makes any necessary adjustments based on its assessment (see OPN for considerations to determine AFD amount).

<table>
<thead>
<tr>
<th>R</th>
<th>R(^{534})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideally completed immediately after PU/DR review, unless there are other factors to consider</td>
<td>Prepared by: PO or FPM/FPA (Focused)</td>
</tr>
<tr>
<td>Prepared by: Finance Specialist or PST Specialist (Focused) to ensure: - 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 agreed upon.</td>
<td></td>
</tr>
</tbody>
</table>

**Supplementary Funding Decision**

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

The supplementary funding decision is based

<table>
<thead>
<tr>
<th>R</th>
<th>R</th>
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<tbody>
<tr>
<td>As needed</td>
<td>Prepared by: PO or FPM/FPA (Focused)</td>
</tr>
<tr>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

---

\(^{533}\) 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.

\(^{534}\) See OPN Section A.1 on Disbursement schedule for differentiated disbursement schedules for Focused portfolio models.
### 1. Determine Funding Amount and Disbursement Schedule

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>on the forecasted need.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>For reducing AFD amount:</strong> Supplementary ADMF capturing: - Recommended reduced AFD amount - Updated disbursement schedule - Rationale for reducing funds from the AFD</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### 2. Review Risks and Associated Mitigating Actions

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

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>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 decision(^{535}) If there are any adjustments to be made, this is done in the IRM module prior to finalizing the AFD process.</td>
<td>R</td>
<td>-</td>
<td>Following CT review of the PU/DR</td>
<td>Prepared by: PO or FPM (Focused) with inputs from CT members</td>
</tr>
</tbody>
</table>

\(^{535}\) 1st AFDs that are processed more than 30 days after the approval of the Purchase Order are also reviewed by Risk.
### 3. Approve AFD

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| Exceptions selected and justification provided in the Controls and Approvals process in the system. | | | Prior to AFD or disbursement approval | Prepared by: PO or FPM/FPA (Focused)  
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. |
| Attach supporting documents  
Signed page of the PU/DR from PR  
Signed page of the PU/DR from LFA  
Bank details$^{536}$ for the first PR disbursement, first SR direct disbursement and/or new third party  
For third parties: invoice, PR’s request to process a direct disbursement and, signed agreement between third party and the PR or Global Fund$^{537}$  
Draft Performance Letter (if available) Final Payment Letter (if applicable) | | | Prior to AFD or disbursement approval | Prepared by: PO or FPM/FPA (Focused) |
| 1st AFD approved, using the Approval Workflow section in the Controls and Approvals process in the system. | | | Within 30 days of Purchase Order approval | Reviewed by: FPM (and DFM538, if applicable) reviews overall completeness, quality, and accuracy.  
*If there are no exceptions, no approval is required and AFD is sent directly to Financial Services.* |

---

$^{536}$ Bank details must be submitted on bank letterhead paper.  
$^{537}$ This can be submitted to cover a one-off or all disbursements for a third party.  
$^{538}$ 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

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focused</td>
<td>R</td>
<td>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 1st AFD</td>
<td>As per approvals process for 2nd and 3rd AFDs.</td>
</tr>
</tbody>
</table>

#### 2nd and 3rd AFD approved, using the Approval Workflow section within the Controls and Approvals process in the system.

- Approvers are responsible for reviewing all relevant information within their area of expertise.
- Approvers can include review notes in the comments section next to their approval.

**Resources:**

- AFD Review Checklist for Finance

#### 2nd and 3rd AFD approved, using the Approval Workflow section within the Controls and Approvals process in the system.

- Before the end of the buffer period of the previous AFD
- Non-objection by: Risk Specialist\(^{539}\) (High Impact & Core only) ensures:
  - 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.

  **Recommended by:**
  - FPM (and DFM\(^{540}\), 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.

  **As applicable, according to Approval Limit thresholds, validated by:** see OPN on Annual Funding Decision and Disbursement (Approve AFD section)

---

\(^{539}\) 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.

\(^{540}\) See Footnote 10.
## 3. Approve AFD

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
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<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Approved by: see OPN on Annual Funding Decision and Disbursement (Approve AFD section)</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Verified by: Analyst, Financial services carries out a final due diligence check to ensure compliance with procedures and payee details are correct.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Approved by: Manager, Financial Services, approves sufficient funds are available for the AFD amount.</td>
</tr>
</tbody>
</table>

### Supplementary Funding Decision approved, using the Approval Workflow section within the Controls and Approvals process in GOS.

- Approvers are responsible for reviewing all relevant information within their area of expertise.
- Approvers can include review notes in the comments section next to their approval.

**Resources:**

- AFD Review Checklist for Finance

### Notes:

541 Any objection must be raised within 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.

542 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.

543 See Footnote 10
### 3. Approve AFD

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Focused</td>
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<table>
<thead>
<tr>
<th>Timeline</th>
<th>Responsibilities</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Validated by (as applicable, according to Approval Limit thresholds): see OPN on Annual Funding Decision and Disbursement (Approve AFD section)</td>
</tr>
<tr>
<td></td>
<td>Approved by: see OPN on Annual Funding Decision and Disbursement (Approve AFD section)</td>
</tr>
<tr>
<td></td>
<td>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</td>
</tr>
<tr>
<td></td>
<td>Verified by: Analyst, Financial services carries out a final due diligence check to ensure compliance with procedures and payee details are correct.</td>
</tr>
<tr>
<td></td>
<td>Approved by: Manager, Financial Services, approves sufficient funds are available for the supplementary amount.</td>
</tr>
</tbody>
</table>

### 4. Communicate AFD

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Focused</td>
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<table>
<thead>
<tr>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prepared by: PO or FPA (Focused)</td>
</tr>
<tr>
<td></td>
<td>Reviewed by: FPM (and DFM, if applicable)</td>
</tr>
</tbody>
</table>

| Annual Funding Decision Notification Letter sent to the PR via GOS  
or  
Supplementary Funding Decision Notification | R | R | Within 15 days from the approval of the AFD or of the Supplementary Funding Decision |
### 4. Communicate AFD

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letter sent to the PR via GOS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The AFD and Supplementary Funding Notification Letters are system-generated and sent via GOS.</td>
<td></td>
<td></td>
<td></td>
<td>Prepared by: PO or FPM/FPA (Focused)</td>
</tr>
<tr>
<td>Final Payment Letter signed and sent to PR via email (if applicable)</td>
<td></td>
<td></td>
<td>As needed for disbursements more than 6 months after IP end date</td>
<td>Reviewed by:</td>
</tr>
<tr>
<td>Resources: Payment Letter templates</td>
<td></td>
<td></td>
<td></td>
<td>- FPM (and DFM, if applicable) reviews overall quality and accuracy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Finance or PST Specialist (Focused) reviews the Final Payment Amount(^{544}) and the justification provided.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Legal Counsel verifies the legal signatory and reviews any language on re-payment/recoveries, etc.</td>
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<td>Signed by:</td>
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<td>- PR (if applicable(^{545}))</td>
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<td>- Regional Manager/Department Head</td>
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<td></td>
<td>- Grant Finance Manager</td>
</tr>
</tbody>
</table>

### B. Disburse Funds

These steps are not required for (i) the first disbursement of funds (which are automatically released with the approval of the 1\(^{st}\) AFD, 2\(^{nd}\) and 3\(^{rd}\) 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 cancelled\(^{546}\)).

---

\(^{544}\) Whether the Final Payment Amount can be covered by the approved Purchase Order signed amount.

\(^{545}\) 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.

\(^{546}\) Nevertheless, all disbursements are sent to Financial Services for their review and approval for all portfolio categories.
1. Review Disbursement Schedule

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheduled disbursement modified, postponed, or canceled (if applicable)&lt;sup&gt;547&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Disbursement must have ‘In Progress’ approval status to allow for rescheduling. | R | R | Initiated at least 10 days before scheduled disbursement | Prepared by: FPM/PO/FPA  
Reviewed by:  
- FPM (and DFM, if applicable) reviews overall accuracy and any relevant exceptions were approved at the AFD stage.  
- 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. |
| Disbursement schedule is reviewed<sup>548</sup> and status is changed from the ‘Planned’ status to ‘Ready for Release’ status<sup>549</sup> | | | | 
| R | R | Initiated at least 10 days before scheduled disbursement | Prepared by: PO or FPA (Focused)  
Reviewed by:  
- FPM (and DFM if applicable) reviews overall accuracy and any relevant exceptions were approved at the AFD stage.  
- Finance or PST Specialist (Focused) if applicable, review the original approved AFD with the revised AFD to compare any changes made, and the rationale. |

2. Approve Disbursement

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core</th>
<th>Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursement is approved, using the</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| R | R | Initiated at least 10 days before | Approved by:  
FPM (and DFM<sup>550</sup>, if applicable) |

<sup>547</sup> 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.

<sup>548</sup> 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.

<sup>549</sup> 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.

<sup>550</sup> See Footnote 10
### 2. Approve Disbursement

<table>
<thead>
<tr>
<th>Outputs</th>
<th>HI &amp; Core Focused</th>
<th>Timeline</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval Workflow section within the Controls and Approvals process in the system. Approvers are responsible for reviewing all relevant information within their area of expertise. Approvers can include review notes in GOS in the comments section next to their approval.</td>
<td>scheduled disbursement</td>
<td>Finance or PST Specialist (Focused) if applicable. 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. Verified by: Analyst, Financial services carries out a final due diligence check to ensure compliance with procedures and payee details are correct. Approved by: Manager, Financial Services, approves sufficient funds are available for the disbursement amount.</td>
<td></td>
</tr>
</tbody>
</table>

### 3. Communicate Disbursement

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

<table>
<thead>
<tr>
<th>No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>EGMC</td>
<td>• Original version of the Operational Procedures</td>
<td>26 November 2021</td>
<td>1.0</td>
</tr>
<tr>
<td>1.1</td>
<td>Operational Efficiency (Administrative change)</td>
<td>• 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.</td>
<td>21 August 2022</td>
<td>1.1</td>
</tr>
</tbody>
</table>
| 1.2 | Department Head, GPS | • 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        |
Grant Revisions

Issued on: 22 February 2018
Issued by: Grant Portfolio Solutions
Approved by: Executive Grant Management Committee
Purpose: To provide guidance to Country Teams on the policy and process for revising an existing grant.

INTRODUCTION

1. The goal of a grant revision is to allow Global Fund investments to adjust to programmatic requirements during grant implementation, in order to ensure the continued effective and efficient use of Global Fund resources invested to achieve maximum impact in line with the Global Fund’s 2017-2022 Strategy. A grant revision may also occur due to other changed circumstances and arrangements.

HOW TO READ THIS DOCUMENT

2. As this OPN covers all types of revisions, only parts of this document will be relevant to Country Teams at any given time, depending on the type of revision planned.

3. First, it is recommended that Country Teams determine the type of revision required, based on the decision tree on page 2, and then proceed directly to the appropriate section. The types of revisions and relevant sections of this OPN are:

- **Extensions (End-Date Revisions)**
  - if extending the grant’s implementation period (IP)
  - Section A

- **Additional Funding Revisions**
  - if increasing total funds, but not extending IP
  - Section B

- **Program Revisions**
  - if revising programmatic scope/scale, but not extending IP or adjusting total funds
  - Section C

- **Budget Revisions**
  - if changes are solely budgetary and do not impact Performance Framework
  - Section D

- **Administrative Revisions**
  - if changes are only being made to master data contained in Grant Agreement (e.g., PR/LFA contact details)
  - Section E

4. For each type of revision, the comprehensive process and requirements are defined in the specified section in the OPN. For example, extensions which involve changes to both budget and performance framework would follow only the extensions process defined in Section A and do not need to go through the program revisions and budget revisions processes.

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551 This Operational Policy Note (OPN) supersedes former OPN on Signing and Amending Grant Agreements (sections pertaining to amending grant agreements), OPN on Extending Grant Implementation Periods, and OPN on Reprogramming During Grant Implementation.

552 This Operational Policy Note is designed as an interim document, to provide guidance to Country Teams, until potential revisions to the Board-approved extension policy (GF/B31/DP12) are approved.

553 If a Country Team is unclear as to which type of revision is most relevant given the context, please consult with the Operational Policy Hub or Legal Officer for guidance.
5. It is critical that grant revisions should be processed prior to effectivity date of the grant revisions. Retroactive grant revisions (such as processing of an extension request past the grant end-date) are not allowed.

6. Second, for more detailed guidance on the specific steps required by each stakeholder, please refer to Grant Revision Process Flow.

7. Third, there are frequently asked questions related to Grant Revisions on Service Now.

8. Finally, a list of key concepts related to Grant Revisions, as well as an overview of stakeholder roles and responsibilities can be found on pages 2-4.

Figure 1: Decision tree to determine the type of grant revision to pursue

![Decision tree](image)

**KEY CONCEPTS**

9. **Allocation period.** The allocation period is the three-year period, aligned to each replenishment period, during which eligible applicants may apply for, and the Board may approve, such funding for grant programs. For the 2017-2019 allocation period, this period starts on 1 January 2017 and ends on 31 December 2019. For key concepts related to grant making, refer to the OPN on Access to Funding, Grant-making, and Approval.
10. **Allocation Utilization Period (AUP).** The Allocation Utilization Period is the 3-year period\(^{554}\) during which the country allocation per disease component can be utilized to implement programs. It starts the day after the original end-date of existing grant(s). The start date of the Allocation Utilization Period per disease component is documented in the Allocation Letter\(^{555}\).

![Figure 2. The Allocation, Allocation Utilization and Implementation Periods.](image)

11. **Implementation Period.** An implementation period is the period during which a Principal Recipient implements programmatic activities, as reflected in the grant agreement.\(^{556}\) An Extension of an existing grant will extend the end-date of the implementation period of the existing grant, however the end-date of the current Allocation Utilization Period will not be extended. This means that all Extensions will use time from the subsequent Allocation Utilization Period, with funding used during the Extension period to be deducted from the subsequent allocation amount; the remaining balance will then become the maximum amount of funds available for the remainder of the subsequent Allocation Utilization Period (figures 2 and 3).

![Figure 3. Example of an Extension of an existing implementation period.](image)

12. **Unutilized Funds (undisbursed funds + uncommitted in-country cash balance).** Funds from a previous allocation period that remain unutilized at the end of the relevant implementation period cannot be carried over to increase the designated country allocation for the new Allocation Utilization Period. Instead, unutilized funds will be returned to the general

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\(^{554}\) Justifications for variations from the three-year standard will be provided to the Board as part of the Secretariat’s grant approval requests - Annex 1, [GF/B35/09 Allocation Methodology 2017-2019](https://www.theglobalfund.org/en). Should the allocation utilization period be more than three years, the maximum funding available remains the same.

\(^{555}\) In order to incentivize joint programming and enable effective and efficient management of such grants in exceptional cases, flexibilities to the grant implementation periods may be applied.

\(^{556}\) An implementation period is not necessarily the same as a grant; a single grant can span multiple implementation periods. For example, a grant implemented by the same PR for the same disease component and with the same grant name in the subsequent implementation period will continue as the same grant, but in a new implementation period.
funding pool and become available for portfolio optimization investment. For further guidance, please refer to the *OPN on Grant Closures*.

**HIGH-LEVEL ROLES & RESPONSIBILITIES**

13. At a high-level, the roles and responsibilities associated with pursuing a grant revision are roughly similar, regardless of which type of revision is being pursued. For further information on the detailed process steps, see Annex I.

14. **Principal Recipient (PR)** initiates a revision (in coordination with the Country Team and Country Coordinating Mechanism); accesses the relevant revision documents in the Partner Portal; completes relevant sections of the *Grant Revision Request Form* and the amended grant documents (including Performance Framework, Detailed Budget, and List of Health Products, if applicable) and submits to the Country Team through the Grant Operating System (GOS); and countersigns the Implementation Letter required to amend the Grant Agreement (if applicable).

15. **Lead Implementer (LI)** is the entity (organization or office) that is operationally responsible for the implementation of the grant’s activities. In terms of grant revisions, the LI supports the PR in preparing the relevant revision documents and is notified of key steps and deliverables in the process (e.g., approvals). Note that the Lead Implementer is not reflected in the Grant Agreement, and for many grants, the Principal Recipient and Lead Implementer are the same entity.

16. **Country Coordinating Mechanism (CCM)** endorses the revision request (for Extensions, Additional Funding, and Program Revisions) or is notified about the request (for Budget and Administrative Revisions).

17. **Local Fund Agent (LFA)**, if requested by the Country Team, reviews the Performance Framework and Budget documents (and others, if applicable) and makes recommendations to the Country Team.

18. **Country Team** initiates revisions (in coordination with the PR and CCM); provides grant revision templates for PR/LI to complete; reviews PR/LI-submitted documents (including the *Grant Revision Request Form*, Budget, Performance Framework, List of Health Products, etc.); determines the type of revision required; finalizes the *Grant Revision Request Form* for review by the relevant approval authority, if applicable; facilitates and executes the review and approval process of the revision request; coordinates with other teams within the Secretariat to notify the Board and Grant Approvals Committee, as applicable; approves revision requests in line with delegated approval authority; and prepares and signs the relevant amendments to the grant agreements (e.g., through an Implementation Letter), if applicable.

**SECTION A: EXTENSIONS (END-DATE REVISIONS)**

19. **Definition:** An Extension (End-date Revision) amends and extends the end-date of the relevant implementation period to allow for continued grant implementation and to avoid program disruptions while operational challenges are addressed or a new allocation is being accessed.

20. **Triggers:** Extensions should be sought on the grounds of strongly justified circumstances, such as:

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557 This section operationalizes the policy related to extending grant implementation periods as approved by the Global Fund Board (GF/31/DP12 – Extension Policy under the New Funding Model).

558 Operational policy on the possible use of extensions will be updated should there be amendments to the Board-approved extension policy (GF/B31/DP12).
ii. To facilitate the submission of single funding requests for multiple disease components (e.g., joint HIV and TB concept notes for high co-infection countries);

iii. To address challenges in timely submission of funding requests due to circumstances that are beyond the control of the applicants;

iv. To compensate for delays in the review and processing of relevant funding requests by the Global Fund, such as unexpected delays caused by the Grant Approvals Committee (GAC) or Technical Review Panel (TRP) review processes, or when the Global Fund Board objects to relevant funding recommendations from the Secretariat;

v. To compensate for delays in grant making and signing due to circumstances that are beyond the control of the applicants (e.g., matters related to the work of the Office of the Inspector General, changes to nominated Principal Recipients); and/or

vi. To compensate for delays in implementation due to circumstances that are beyond the control of the implementers.

21. **Initiators:** An Extension may be initiated by the Principal Recipient, the CCM, or the Country Team\(^{559}\). The CCM must be informed of all Extensions, and shall endorse all requests for Extensions as these will be financed from the country’s subsequent allocation.

22. **Timing:** An Extension should ideally be approved at least three months prior to the current implementation period end-date, to avoid any gaps between current implementation period end-date and Extension period start-date. To meet this deadline, it is recommended that countries begin the process at least 6 months prior to the current implementation period end-date.

23. **Key Design Considerations:** When designing an Extension, Principal Recipients and Country Teams should adhere to the following guidelines:

   a. **Source of Funding:** Although Extensions amend the Implementation Period, they do not amend the Allocation Utilization Period. Therefore, all Extensions will use time from the subsequent Allocation Utilization Period and will be funded from the subsequent allocation, reducing the amount of time and funds available for the next Implementation Period. In addition, the Allocation Utilization Period in which goods and services are delivered determines the allocation from which it will be funded; therefore, if goods and services are delivered during an Extension period, they will be funded from the subsequent allocation.

   b. **Sustainability:** As all Extensions will be financed by the subsequent allocation, Country Teams and PRs must ensure that programmatic and cost implications beyond the Extension period have been fully considered. The activities and budget for the Extension period should enable a proper transition to the next Implementation Period and consider the expected trajectory of future funding. This is to ensure that a disproportionate amount of the subsequent allocation is not consumed during the Extension period (e.g., to ensure that 50% of the subsequent allocation for a component is not consumed during a 6 month Extension) and that sufficient funds exist to cover the entire 3-year Allocation Utilization Period. Such disproportionate spending could set the program on an unsustainable spending trajectory or one not reflective of the epidemiological context.

   c. **Maximizing Impact:** Country Teams should ensure that all programmatic activities during the Extension period maximize impact given the available resources, align with the core objectives of the Global Fund’s 2017-2022 Strategy, and allow for a seamless transition to the new implementation period.

   d. **Targets and Activities:** The Country Team and PR shall work to determine key programmatic activities and targets during the Extension period. The targets for the period

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\(^{559}\) The composition of the Country Team varies depending on the portfolio category. For Focused Countries, the Country Team is comprised of the Fund Portfolio Manager, Senior Fund Portfolio Assistant, the Public Health and M&E Specialist, and the Legal Officer. For Core and High Impact Countries, the Country Team includes the Fund Portfolio Manager, Program Officer, Public Health and M&E Specialist, Health Products Management Specialist, Finance Specialist and Legal Officer.
of the Extension should be the same as those specified in the last reporting period, or if an adjustment is required, should be in line with the trajectory of the allocation for that country component going forward. Programmatic adjustments may be undertaken as necessary to ensure Global Fund resources are strategically invested to achieve maximum impact during the Extension period. If such programmatic adjustments are deemed to be “Material Program Revisions”, then the process for reviewing Material Program Revisions should be followed in addition to the process for reviewing Extensions (see Section C, paragraph 43).

e. **Length:** Other than with Global Fund Board approval, an Extension cannot extend the current implementation period of the grant for more than 12 months. This maximum length of 12 months is cumulative for all Extensions approved for the current implementation period.

f. **Procurement:** Procurement orders can be placed during the Extension period, but only in instances where 1) procurement is required to avoid stock outs and interruption of program implementation and service delivery during the new implementation period; and 2) where the subsequent grant is in advance stages of the grant making process (must have completed TRP review). For further information, please refer to the *OPN on Advanced Payment Mechanism (forthcoming)* and the *OPN on Pre-Financing*.

### Approval Authority

24. A number of criteria are used to determine the appropriate approval authorities required for Extensions (see table on following page). These criteria include:

   a. **The unutilized funds from the current implementation period are sufficient to fully cover the budget for the extension period.** While this criteria will be used to determine the level of approval required for an Extension, it is important to note that all funds used during the Extension period will be deducted from the subsequent allocation. See Figure 4 for an illustration of the two scenarios.

   b. **The length of the Extension period** (e.g., how much the current implementation period’s end-date will be extended, on a cumulative basis – and therefore, how much time from the Allocation Utilization Period will be left available for the subsequent implementation period);

   c. **The percentage of the subsequent country allocation for the relevant disease component to be used during the Extension period** (e.g., what the Extension period budget will be – and therefore, how much funding for the disease component will be available for the remainder of the Allocation Utilization Period).

25. When assessing the criteria above, the following should be taken into consideration:

   a. When determining the percentage of the subsequent allocation amount designated for the relevant disease component to be used during the Extension period, the Country Team should use the most recent program split, as defined through country dialogue during the access to funding and grant-making process (for further details please refer to the *Guidance Note on Program Split*). If such country dialogue has not yet taken place, the Country Team should use the indicative program split, as communicated in the allocation letter for the new allocation period. For multi-component grants, the Country Team should use the sum of the allocation of the relevant components.

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560 For example, if the country component is facing a subsequent allocation that is significantly smaller than the current one, targets for certain interventions could be adjusted downward in order to reflect the new funding reality. Such decisions should involve consultation with the Country Team and relevant disease advisor.

561 This is particularly important when it is known that specific activities are unlikely to continue in the new implementation period due to the amount of the new allocation (e.g., if the amount is reduced).

562 Commodities required must be clearly identified and agreed in the List of Health Products in the detailed budget. See OPN on the Pooled Procurement Mechanism for further detail on the mitigating measures required in this situation or the OPN on Advanced Payment Mechanism (forthcoming).

563 This criteria will apply until potential revisions to the Board-approved extension policy *(GF/B31/DP12)* are approved.
b. When determining the length and the percentage of allocation amount for the relevant disease component to be utilized during the Extension period, both time and funds should be cumulative for all Extensions requested for that implementation period (e.g., those already signed, if applicable, and the Extension requested).\footnote{Formerly “non-costed extension”}

564 For example, if a grant is approved by a Department Head for a six month Extension (assuming sufficient unutilized funds from current implementation period available to finance the Extension budget) accounting for 10% of the new allocation amount for the relevant disease component, and then the country requests an additional two month Extension (assuming sufficient unutilized funds, as well) accounting for 7% of the new allocation amount for the relevant disease component, the second Extension is subject to an elevated approval authority and must be approved by the GAC as it will cumulatively be a nine month Extension accounting for 17% of the new allocation for the relevant disease component.

566 In cases where there is disagreement among members of the Country Team, the decision-making will be escalated as per the standard escalation procedure, as determined in the Country Team Approach.

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**Figure 4. Illustration of examples where sufficient unutilized funds do or do not exist in current implementation period to cover the budget for the Extension period.**

<table>
<thead>
<tr>
<th>Scenario 1: Unutilized Approved Funds Greater Than or Equal to Extension Period Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Period 1</td>
</tr>
<tr>
<td>Used Funds: 90M USD</td>
</tr>
<tr>
<td>Unutilized Funds: 10M USD</td>
</tr>
<tr>
<td>Extension: 10M USD</td>
</tr>
<tr>
<td>Implementation Period 2 (Reduced)</td>
</tr>
<tr>
<td>Board Approved Funds: 100M USD</td>
</tr>
<tr>
<td>Uses funds and time from next allocation period, but proposed Extension period budget is equal to or less than the unutilized funds approved by the Board for the current Implementation Period</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario 2: Unutilized Approved Funds Less Than Extension Period Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Period 1</td>
</tr>
<tr>
<td>Used Funds: 95M USD</td>
</tr>
<tr>
<td>Unutilized Funds: 5M USD</td>
</tr>
<tr>
<td>Extension: 10M USD</td>
</tr>
<tr>
<td>Implementation Period 2 (Reduced)</td>
</tr>
<tr>
<td>Board Approved Funds: 100M USD</td>
</tr>
<tr>
<td>Uses funds and time from next allocation period, but proposed Extension period budget is more than the unutilized funds approved by the Board for the current Implementation Period</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Cumulative Extension Period</th>
<th>% of the Next Allocation for Relevant Disease Component to be Used During Extension Period</th>
<th>Approval Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 3 months</td>
<td>Up to 10%</td>
<td>Country Team\footnote{In cases where there is disagreement among members of the Country Team, the decision-making will be escalated as per the standard escalation procedure, as determined in the Country Team Approach.} (and PST for Focused)</td>
</tr>
</tbody>
</table>

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\footnote{Formerly “non-costed extension”}

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564 For example, if a grant is approved by a Department Head for a six month Extension (assuming sufficient unutilized funds from current implementation period available to finance the Extension budget) accounting for 10% of the new allocation amount for the relevant disease component, and then the country requests an additional two month Extension (assuming sufficient unutilized funds, as well) accounting for 7% of the new allocation amount for the relevant disease component, the second Extension is subject to an elevated approval authority and must be approved by the GAC as it will cumulatively be a nine month Extension accounting for 17% of the new allocation for the relevant disease component.

566 In cases where there is disagreement among members of the Country Team, the decision-making will be escalated as per the standard escalation procedure, as determined in the Country Team Approach.
<table>
<thead>
<tr>
<th>Scenario Duration</th>
<th>Percentage Use</th>
<th>Approval Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 10%</td>
<td>Regional Manager or Department Head (for High Impact)</td>
<td></td>
</tr>
<tr>
<td>Up to 15%</td>
<td>Grant Approvals Committee (GAC)</td>
<td></td>
</tr>
<tr>
<td>More than 15%</td>
<td>Board (with GAC recommendation)</td>
<td></td>
</tr>
<tr>
<td>From 3 up to 6 months</td>
<td>N/A&lt;sup&gt;67&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>From 6 up to 12 months</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>More than 12 months</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Any other Extension request</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>67</sup> Scenario 1 extensions of 6 to 12 months require approval from GAC regardless of the percent of the next allocation to be used; similarly, Scenario 1 extensions of more than 12 months require Board approval regardless of percentage of the next allocation used.
Scenario 2: Unutilized funds from the current implementation period are not sufficient to fully cover the extension budget

<table>
<thead>
<tr>
<th>Cumulative Extension Period</th>
<th>Cumulative amount of additional funding needed for Extension period</th>
<th>Approval Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 12 months</td>
<td>Up to USD 10 million and up to the equivalent of 6 months of additional funding&lt;sup&gt;569&lt;/sup&gt;</td>
<td>Grant Approvals Committee</td>
</tr>
<tr>
<td>More than 12 months</td>
<td>More than USD 10 million or more than the equivalent of 6 months of additional funding</td>
<td>Board (with GAC recommendation)</td>
</tr>
<tr>
<td>Any other Extension request</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

Reporting and Impact on Legal Documents

26. **Reporting**: The *Grant Revision Request Form* should be used to submit all Extension requests<sup>570</sup>. The Country Team provides to the PR the Grant Revision Request Form together with the latest Performance Framework (generated from GOS), latest Detailed Budget, and latest List of Health Products (LOHP) (as applicable) to complete/update. Using the information compiled by the PR in the *Request Form* and the updated grant documents, the Country Team will finalize the *Request Form* for securing Global Fund approval, with the following documents accompanying the form:

a. An amended Performance Framework<sup>571</sup> for the full implementation period (including Extension period);

b. An updated Summary Budget<sup>572</sup> for the full implementation period (including Extension period) and Financial Calculator approved by FO/PST and RFM;

c. The CCM Chair and Vice Chair endorsement of the Extension request and the use of allocation for the revision<sup>573</sup>. This endorsement will be captured in the *Grant Revision Request Form*.

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<sup>568</sup> Formerly “costed extension”  
<sup>569</sup> According to Board-approved extension policy (GF/31/DP12), the GAC is authorized to approve Scenario 2 Extensions as long as the amount of additional funding required (the funding required for the Extension period minus the unutilized funds approved by the Board for the current IP) does not exceed USD 10 million and is not equivalent to more than 6 months of additional funding. To calculate the equivalent months of additional funding, first, determine the additional funding requested, as a percentage of the total Extension period budget. Then, multiply this percentage by the number of months of the Extension request; if more than 6, Board approval is required. For example, if there is an Extension request of 8 months, with a total revision budget of USD 8 million and additional funds requested of USD 4 million, the percentage of additional funds requested over total revision budget is 50%, and the months of funding required is 50% multiplied by 8 months, or 4 months. Therefore, this revision request requires GAC approval. However, if instead, the Extension request is for 8 months, with a total revision budget of USD 8 million and additional funds requested of USD 7 million, the percentage of additional funds requested over total revision budget is 87.5%. Therefore, the months of funding required is 87.5% multiplied by 8 months, or 7 months; this revision request requires Board approval.  
<sup>570</sup> The Country Team may require an LFA review of the request or a specific element of it. The scope of the LFA review is to be agreed between the Country Team and the LFA, on a case-by-case basis.  
<sup>571</sup> If the Performance Framework contains custom indicators, the Performance Framework should be sent to the Monitoring, Evaluation & Country Analysis (MECA) Team Specialist for validation before submission to the relevant approval authorities.  
<sup>572</sup> Based on a detailed budget reviewed and signed off by the Country Team (and PST for Focused countries).  
<sup>573</sup> In the absence of a CCM or an alternative coordinating platform in the country, the Country Team must seek endorsement from the Regional Manager (or for High Impact departments, relevant Department Head), after consulting with the Manager of the Monitoring, Evaluation & Country Analysis (MECA) Team, the Head of the Technical Advice &
27. For all extensions request, Country Team should consult and inform Access to Funding Department for tracking and reporting of extensions to the Board. For extension requests in High Impact or Core countries requiring GAC and Board approval, Country Teams should consult with the Risk Department on the grant’s key risk and mitigating actions.

28. **Implementation Letter:** Once approval of the Extension has been secured, an amendment to the Grant Agreement is required, which takes the form of an Implementation Letter.
   a. **Documents to be included:** This should include an updated Summary Budget and Performance Framework, as applicable.
   b. **Signatories:** The Implementation Letter must be signed by the authorized signatories of the Principal Recipient on behalf of the Grantee and of the Global Fund (in accordance with the Signatory Authority Procedures).

29. **Notification to Board and GAC:** All Extensions approved by the Secretariat must be notified to the Board and GAC through Grant Approvals Committee Reports.

30. See Grant Revision Process Flow for more detailed steps on how to amend a grant agreement.

**SECTION B: ADDITIONAL FUNDING REVISIONS**

31. **Definition:** An Additional Funding Revision increases the total approved funding for the relevant implementation period during grant implementation, with no amendment to the length of the implementation period.

32. Reductions to the total approved funding for a relevant implementation period should be managed through regular grant management processes. Depending on the trigger of such reductions, further guidance could be sought in the *OPN on Co-Financing* or the *OPN on Recovery of Grant Funds*. Where such an approach is not possible, the Country Team may escalate the request to the GAC for review.

33. **Triggers:** Additional funds may be made available at the aggregate portfolio level as a result of, among other factors:
   a. Additional pledges and contributions by donors, including permitted restricted financial contributions by private donors;
   b. The portfolio optimization process, upon the review and endorsement of the Audit and Finance Committee.

34. **Initiators:** An Additional Funding Revision may be initiated by the Country Team and managed in consultation with CCM, PR(s), LI(s) and technical partners.

35. **Timing:** An Additional Funding Revision may be proposed at any time during grant-making or during grant implementation. For revisions during grant-making, please refer to the *OPN on Access to Funding, Grant-making, and Approval*.

36. **Key Design Considerations:** When designing an Additional Funding Revision, Principal Recipients and Country Teams should adhere to the following guideline:
   a. **Targets and Activities:** The Country Team and PR shall work to determine how to adjust the key programmatic activities and targets for the implementation period. Typically, targets should be adjusted upwards as a result of an Additional Funding Revision, considering the additional resources provided. If, however, the Country Team and PR

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574 Additional funding from the Emergency Fund follows the Emergency Fund review and approval process as captured in the Guidelines on Emergency Fund.
determine that increasing the targets is not possible, justification in the *Grant Revision Request Form* is required.

### Approval Authority

37. The approval process for Additional Funding Revisions is differentiated based on the percentage increase compared to the original grant funds.

38. The thresholds for percentage increase are cumulative for the entire implementation period and are always compared to the original approved budget at the time of grant signing.

39. It should be noted that if funding becomes available during grant implementation through channels with clearly defined and distinct approval processes and requirements (e.g., special initiatives), or through channels where funding has already been approved for specific country components, the approval authorities and requirements as defined below do not need to be pursued, in addition.

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Approval Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Additional Funding Revision of up to 30% of approved fund for the implementation period</td>
<td>Board (with GAC recommendation)</td>
</tr>
<tr>
<td>- Additional Funding Revision of more than 30% (if additional funds will finance TRP-reviewed Unfunded Quality Demand)</td>
<td>Board (with GAC and TRP recommendation)</td>
</tr>
</tbody>
</table>

### Reporting and Impact on Legal Documents

40. **Reporting:** The *Grant Revision Request Form* should be used to submit Additional Funding Revision requests. The Country Team provides to the PR the *Grant Revision Request Form* template, together with the latest Performance Framework (generated from GOS), latest Detailed Budget, and latest LOHP (as applicable), to complete/update. Using the information compiled by the PR in the *Request Form* and the updated grant documents, the Country Team can then finalize the *Request Form* for securing Global Fund approval, with the following documents accompanying the form:

   a. An amended Performance Framework for the full implementation period;
   b. An amended Summary Budget and Financial Calculator approved by FO/PST and RFM;
   c. The CCM Chair and Vice Chair endorsement of the revision request. This endorsement will be captured in the *Grant Revision Request Form*.

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575 If the additional funding is used to finance TRP-recommended unfunded quality demand (UQD), the PR section of the Grant Revision Form is not required. Agreed elements of the UQD to be funded by additional funding will be captured in the Country Team Section of the Grant Revision Form. In reviewing additional funding revisions, the Country Team may require an LFA review of the request or a specific element of it. The scope of the LFA review is to be agreed between the Country Team and the LFA, on a case-by-case basis.

576 If the Performance Framework contains custom indicators, the Performance Framework should be sent to the Monitoring, Evaluation & Country Analysis (MECA) Team Specialist for validation before submission to the relevant approval authorities.

577 Based on a detailed budget reviewed and signed off by the Country Team (and PST for Focused countries).

578 CCM input will be with respect to programmatic implications of additional funding. In the absence of a CCM or an alternative coordinating platform in the country, the Country Team must seek endorsement from the Regional Manager (or for High Impact departments, relevant Department Head), after consulting with the Manager of the Monitoring, Evaluation & Country Analysis (MECA) Team, the Head of the Technical Advice & Partnerships Team within the Strategy, Investment and Impact Division (SIID) and to the extent possible in-country partners.
41. **Implementation Letter**: Once finalized and approved by the Global Fund, an Additional Funding Revision must be reflected in the grant agreement, by issuing an Implementation Letter to amend the Performance Framework and Budget.
   a. **Documents to be included**: This should include an updated Summary Budget and Performance Framework.
   b. **Signatories**: The Implementation Letter must be signed by the authorized signatories of the Principal Recipient on behalf of the Grantee and of the Global Fund (in accordance with the **Signatory Authority Procedures**).

42. See Grant Revision Process Flow for more detailed steps on how to amend a grant agreement.

**SECTION C: PROGRAM REVISIONS**

43. **Definition**: A Program Revision (formerly referred to as a “reprogramming”) is the process of changing the scope and/or scale of a Global Fund-supported program within already approved funding ceiling and current implementation period. The goal of a Program Revision is to promote and enable the adjustments of programs to ensure the continued effective and efficient use of Global Fund resources invested to achieve maximum impact in line with the Global Fund’s 2017-2022 Strategy.
   a. Changing the **scope** is the process of (i) adding or deleting goals and/or objectives, or (ii) changing key interventions, (including those related to RSSH, Human Rights, and Gender Equality) either at the level of a grant, or at the level of the Global Fund supported disease or HSS program.
   b. Changing **scale** is the process of increasing or decreasing targets for goals and objectives for key interventions.

44. **Triggers**: There are a number of potential scenarios which might trigger a Program Revision. These include, but are not limited to:
   a. The need to invest more strategically, e.g., in case of changes in NSP, epidemiological trends, new data from national surveys, or program evaluations, etc.
   b. Emerging scientific evidence or normative guidance
   c. Changes in the national context
   d. Changes in unit costs and budgetary changes
   e. Changes in implementation arrangements
   f. Scale up effective interventions
   g. Risk mitigation purposes
   h. Shifting activities and budget from one grant / PR to another grant / PR emanating from one funding request
   i. The need to advance transition planning, particularly in the event that a country is nearing the end of its funding relationship with the Global Fund.

45. **Initiators**: A Program Revision may be initiated by the Country Coordinating Mechanism (CCM), Principal Recipient (PR), or the Global Fund Country Team and managed in consultation with CCM, PR/LI(s), and technical partners.

46. **Timing**: A Program Revision may be proposed during grant implementation. The timing of submission of a Program Revision request during grant implementation depends on the defined portfolio category of the country component:

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579 For example, key interventions within a defined epidemiological context, as confirmed by the relevant disease advisor: interventions that are not adequately funded at present and/or interventions that meet one or more of the following criteria: i) address emerging threats to disease control, ii) lift barriers to the broader disease response and/or create conditions for improved service delivery; AND/OR iii) enable the roll-out of new technologies that represent best practice.
<table>
<thead>
<tr>
<th>Portfolio Category</th>
<th>When a Program Revision request may be submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focused</td>
<td>Once a year, if warranted by the program context.</td>
</tr>
<tr>
<td>Core</td>
<td>Any time during grant implementation, if warranted by the program context.</td>
</tr>
<tr>
<td>High Impact</td>
<td>Any time during grant implementation, if warranted by the program context.</td>
</tr>
</tbody>
</table>

**Types of Program Revisions**

47. A Program Revision request is classified as either “material” or “non-material”. The materiality of a Program Revision request is assessed at the disease or HSS program level (supported by the Global Fund) and not at the individual grant level.

48. **Material Program Revision.** A Program Revision is considered material when:
   a. It contradicts the TRP’s original or modified review and recommendation on the funding request (e.g. intervention originally removed by TRP is being re-introduced to the program; there is a significant redesign or shift of balance of original approved funding request/grant, i.e. a prevention program is shifting to treatment; a key intervention is removed from the grant without evidence of alternative funding in the country); OR
   b. There is a lack of agreement in the normative guidance, significant gaps in evidence to support a Program Revision, unexplained lack of impact, or difficult trade-offs in decision making (e.g. the grant is operating in a context where there is no national strategy or there is a lack of strategic focus of additional investments or interventions), which therefore requires an independent technical review of the Program Revision request.

49. **Non-Material Program Revision.** A Program Revision request is considered non-material if it falls outside the definition of materiality described in paragraph 44 above.
   a. In addition, funding activities that are included and prioritized in the UQD register generally will be considered non-material and therefore will not require a TRP review. (For further information, please refer to the *OPN on Access to Funding, Grant-making, and Approval*).
   b. A request involving a shift of activities and respective budget from one PR to another PR from the same approved funding request will not be considered material.

**Determining Materiality**

50. The Country Team, in consultation with relevant Disease Advisors and Regional Managers/Department Heads, reviews the Program Revision request and makes a preliminary determination of whether the revision is material or non-material, as defined above. If no agreement is reached among parties involved in the consultations in determining the materiality of the request, the decision-making will be escalated as per the standard escalation procedure, as determined in the *Country Team Approach*.

51. All cases identified as Material Program Revisions by the Country Team must be reviewed by the GAC. The GAC confirms whether a Program Revision identified by the Country Team as material is indeed material. If the GAC determines the request to be non-material, the GAC approves the request.

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580 During a reallocation of activities and accompanying budget between PRs in the same program, Country Team must ensure that (i) PR(s) to whom the activities will be reallocated has achieved satisfactory past performance and has relevant capacity to perform the activities; (ii) the proposed reallocation is aligned with the program goals and objectives; and (iii) the proposed reallocation is consistent with the TRP recommendations for the program.
52. If the GAC determines the request to be material, the request is referred to the TRP for review. The TRP makes a recommendation to the GAC on the strategic focus, technical soundness, and potential for impact of a Program Revision request. Following the TRP review and recommendation, the GAC then makes the decision on the Program Revision request.

Approval Authority

53. The approval process for Program Revisions is differentiated based whether the revision is deemed material or non-material:

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Approval Authority</th>
</tr>
</thead>
</table>
| **Non-material Program Revisions** which fall below any of the scenarios listed below | Country Team
| **Non-material Program Revisions** which include one of the following scenarios, as compared to the originally approved performance framework at grant signing: | Regional Manager or Department Head (for High Impact) |
| i. The addition or deletion of an intervention; OR ii. An increase of more than 100% or reduction of more than 20% to the targets for any core coverage or output indicator measuring the number of people reached by a service; OR iii. A shift of activities and respective budget from one grant/PR to another grant/PR, emanating from one approved funding request. | |
| **Material Program Revisions** | GAC (with TRP recommendation, if GAC determines revision is material) |
| - Revision contradicts the TRP’s original or modified review and recommendation on the funding request | |
| - There is a lack of agreement in the normative guidance, significant gaps in evidence to support a Program Revision, unexplained lack of impact, or difficult trade-offs in decision making which requires an independent technical review of the Program Revision request | |

Reporting and Impact on Legal Documents

55. **Reporting:** The *Grant Revision Request Form* should be used to submit Program Revision requests. The Country Team provides to the PR the *Grant Revision Request Form* together with the latest Performance Framework (generated from GOS), latest Detailed Budget, and latest LOHP (as applicable) to complete/update. Using the information compiled by the PR in the

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*See Annex III for the TRP review process of revision requests.*

*In cases where there is disagreement among members of the Country Team, the decision-making will be escalated as per the standard escalation procedure, as determined in the *Country Team Approach*.*

*Program Revisions that do not increase or decrease targets in the Performance Framework (e.g., changes to reporting schedules, aligning terminologies of indicators) do not require the Grant Revision Form. In reviewing program revision requests, the Country Team may require an LFA review of the request or a specific element of it. The scope of the LFA review is to be agreed between the Country Team and the LFA, on a case-by-case basis.*
Request Form and the updated grant documents, the Country Team can then finalize the Request Form for securing Global Fund approval, with the following documents accompanying the form:

a. An amended Performance Framework\(^{584}\) for the full implementation period;
b. An amended Summary Budget (if revision impacts budget)\(^{585}\) and Financial Calculator approved by FO/PST and RFM;
c. The CCM Chair and Vice Chair endorsement of the revision request\(^{586}\). This endorsement will be captured in the Grant Revision Request Form.

56. For Material Program Revision requests in High Impact or Core countries, Country Teams should consult with the Risk Department on the grant’s key risk and mitigating actions.

57. Implementation Letter: Once finalized and approved by the Global Fund, a Program Revision must be reflected in the grant agreement, by issuing an Implementation Letter. This should be done for both Material and Non-material Program Revisions.

a. Documents to be included: An updated Summary Budget and a Performance Framework, regardless of the scale or materiality of the change.
b. Signatories: The Implementation Letter must be signed by authorized signatories of the Principal Recipient on behalf of the Grantee and of the Global Fund (in accordance with the Signatory Authority Procedures).

58. See Grant Revision Process Flow for more detailed steps on how to amend a grant agreement.

SECTION D: BUDGET REVISIONS\(^{587}\)

This section is currently being updated. For the latest guidance on budget revision, please refer to the Guidelines on Budgeting for Global Fund Grants

59. Definition: Adjustments that are purely budgetary in nature, do not represent a change in the total approved funding for the relevant implementation period, and do not affect the Performance Framework.

60. Triggers: A Budget Revision can take place periodically in the normal course of grant implementation in order to respond to program realities (e.g., to reflect changes in administrative or operational costs, changes in unit costs of items being purchased or to allow for programmatic assurance activities like Health Facility Assessments or Data Quality Reviews).

61. Initiators: A Budget Revision may be initiated by the Principal Recipient (PR) or the Country Team and is managed in consultation with CCM, Secretariat (if applicable), PR, Lead Implementer(s), and technical partners.

Types of Budget Revisions

\(^{584}\) If the Performance Framework contains custom indicators, the Performance Framework should be sent to the Monitoring, Evaluation & Country Analysis (MECA) Team Specialist for validation before submission to the relevant approval authorities.

\(^{585}\) Based on a detailed budget reviewed and signed off by the Country Team (and PST for Focused countries).

\(^{586}\) In the absence of a CCM or an alternative coordinating platform in the country, the Country Team must seek endorsement from the Regional Manager (or for High Impact departments, relevant Department Head), after consulting with the Manager of the Monitoring, Evaluation & Country Analysis (MECA) Team, the Head of the Technical Advice & Partnerships Team within the Strategy, Investment and Impact Division (SIID) and to the extent possible in-country partners.

\(^{587}\) The operational policy on Budget Revisions is intended to be aligned with the Global Fund Guidelines for Grant Budgeting. In the event of any conflict or inconsistency between the OPN and the Budgeting Guidelines, the terms of the Budgeting Guidelines will control.
62. Budget revisions can take two forms (Material and Non-material), depending on the percentage increase or decrease of the detailed budget (on an intervention or cost grouping basis, as applicable).

<table>
<thead>
<tr>
<th>Non-material budget revision</th>
<th>Material budget revision</th>
<th>Budget revision for any standard intervention</th>
<th>Budget revision for any discretionary cost category (^{(588)})</th>
<th>Is Global Fund prior written approval required?</th>
</tr>
</thead>
</table>
| Less than 15% change to the total budget for any intervention (either an increase or decrease) | (i) Any budget revision above the non-material budget revision thresholds defined above  
(ii) Any budget revision that introduces new modules and interventions \(^{(589)}\) | Less than 5% increase to the total budget of any discretionary cost category | No |

63. In specific cases, based on program and grant context (including but not limited to heightened risk ratings), the Country Team could specifically define principles for determining materiality of budget changes, which might partially or entirely differ from the above-mentioned thresholds for determining materiality. For further guidance, please refer to *The Global Fund Guidelines for Grant Budgeting*.

64. **Timing:** A Budget Revision may be proposed during grant implementation. The timing of submission of a revision request during grant implementation depends on a) the defined portfolio category of the country component and b) type of Budget Revision:

<table>
<thead>
<tr>
<th>Portfolio Category</th>
<th>When a Budget Revision request may be submitted</th>
</tr>
</thead>
</table>
| Focused            | **Material Budget Revision:** Once a year, if warranted by the program context.  
**Non-material Budget Revision:** Any time during grant implementation, if warranted by the program context. |
| Core               | **All Budget Revisions:** Any time during grant implementation, if warranted by the program context. |
| High Impact        | **All Budget Revisions:** Any time during grant implementation, if warranted by the program context. |

**Approval Authority**

65. The approval process for Budget Revisions is differentiated based on the percentage increase or decrease of the budget (on an intervention or cost grouping basis, as applicable). It should be noted that the thresholds for percentage increase or decrease are cumulative for the entire implementation period and are always compared to the latest approved summary budget \(^{(590)}\) (the “baseline budget”) to establish the materiality level.

\(^{(588)}\) The discretionary categories may be pre-defined taking into account country context and grant-associated risks. The general definition of discretionary categories for Global Fund grants includes: human resources, vehicles, travel-related costs (per diems, etc.), indirect costs/overheads, and any other pre-defined activities, at the discretion of the Global Fund.

\(^{(589)}\) The inclusion of new modules and interventions on the official approved budget would also involve a corresponding change to the Performance Framework. In such cases, the Program Revision (Section C) process should be followed.

\(^{(590)}\) As attached to the grant agreement or an implementation letter.
66. In addition to the above thresholds, there are some circumstances where Country Team approval may be required even if the revision is deemed “Non-material” (e.g., any increase in salary or incentive or top-ups above those already planned in the budget to staff / agents working for the Global Fund). For further information, please refer to The Global Fund Guidelines for Grant Budgeting.

67. For Non-material Budget Revisions, PRs have the flexibility to make adjustments and incur expenditures relating to such non-material budgetary adjustment. Implementers have to follow their own procedures of budget modification with an explanatory note and the formal approval of the relevant authority at the implementer level. PR should track non-material budget revisions over the entire implementation period and compare to the original budget (approved during grant signing). If the cumulative non-material budget revisions reach the materiality thresholds, subsequent budget revisions should be processed as material budget revisions and will require Global Fund pre-approval.

68. For Material Budget Revisions, the revision request must be submitted to the Country Team for pre-approval prior to the initiation of the activity and the related payment.

**Reporting and Impact on Legal Documents**

69. Material Budget Revisions: If a Budget Revision is deemed material, the submission should be in the form of a revised detailed budget incorporating the proposed adjustments for the future periods (and actuals for the prior quarters) within the overall ceiling of the initial approved budget and a rationale for the proposed adjustments. When reviewing and approving the material budget revision, the Country Team will decide whether the revised budget should be reflected in the grant agreement through an Implementation Letter and captured in GOS (e.g., if the revised detailed budget needs to be reflected in the PR reporting template and used for subsequent PR reporting).

70. Once finalized and approved by the Global Fund and there is a decision to capture in GOS and issue an Implementation Letter:
   a. **Documents to be included**: An updated Summary Budget.
   b. **Signatories**: The Implementation Letter must be signed by authorized signatories of the Principal Recipient on behalf of the Grantee and of the Global Fund (in accordance with the Signatory Authority Procedures).

71. Non-material Budget Revisions: The PR tracks non-material budget revisions. The PR, as part of the expenditure reporting in the Progress Update/Disbursement Request, will report non-material budget revisions to Global Fund as regular expenditures and provide comments in the budget variance analysis. (see Global Fund Guidelines on Progress Update and Disbursement Request).

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591 The inclusion of new modules and interventions on the official approved budget would also involve a corresponding change to the Performance Framework. In such cases, the Program Revision (Section C) process should be followed.
592 In cases where there is disagreement among members of the Country Team, the decision-making will be escalated as per the standard escalation procedure, as determined in the Country Team Approach.
593 Only legally agreed information captured through an implementation letter will be imported into GOS.
See Grant Revision Process Flow for more detailed steps on how to amend a grant agreement.

**SECTION E: ADMINISTRATIVE REVISIONS**

73. **Definition**: Adjustments that have no impact on the Budget or the Performance Framework and are purely of an administrative nature (e.g., changes to Master Data reflected in a grant agreement), which require modifications to grant agreements.

74. **Triggers**: An administrative revision can take place periodically in the normal course of grant making and grant implementation and could be triggered by (among other reasons):
   a. A change in the organizational representative for legal notices (for PR) and notices (for LFA)
   b. A change in PR / LFA contact details (e.g., address, name)

75. Changes to other types of Master Data that are not reflected in the Grant Agreement, therefore do not require an Administrative Revision under this OPN. In such circumstances, Country Teams should refer to the Guidance on Updating Master Data, to ensure the changes to data are appropriately reflected in GOS.

76. **Initiators**: An administrative revision may be initiated by the Principal Recipient (PR), LFA, or the Country Team, and is managed in consultation with CCM, PR/LI(s).

77. **Approval Authority**: For an Administrative Revision, the final approval authority is the Fund Portfolio Manager.

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Approval Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Administrative Revisions</td>
<td>Fund Portfolio Manager</td>
</tr>
</tbody>
</table>

**Reporting and Impact on Legal Documents**

78. The categories of Master Data highlighted in paragraphs 72a and 72b are included as part of the Grant Agreement. Therefore any changes to this Master Data should be reflected in GOS (see Guidance on Updating Master Data for further details), and subsequently, need to be reflected in the Grant Agreement through an Implementation Letter.

79. **Implementation Letter**: Once finalized and approved by the Global Fund, an Administrative Revision must be reflected in the grant agreement, by issuing an Implementation Letter.
   a. **Signatories**: The Implementation Letter must be signed by authorized signatories of the Principal Recipient on behalf of the Grantee and of the Global Fund (in accordance with the Signatory Authority Procedures).
   b. **Timing**: For the majority of Administrative Revisions, the changes to Master Data do not need to be reflected immediately in the Grant Agreement, and therefore do not require the immediate issuing of an Implementation Letter. Instead, it is recommended that the Country Team wait until an Implementation Letter is required for another type of grant revision (e.g., a Program Revision or Extension) and then any changes to Master Data can be included in that Implementation Letter. This approach is suggested to reduce the need for Country Teams to issue multiple Implementation Letters. However, in cases where the LFA changes or PR/LFA name changes, an Implementation Letter is required to be issued immediately, to reflect the change promptly in the Grant Agreement.
   c. **Consultation**: The Country Team should consult with their Legal Officer on whether and when to issue an Implementation Letter for an Administrative Revision.

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594 For revisions during grant-making, please refer to the OPN on Access to Funding, Grant-making, and Approval.
80. See Grant Revision Process Flow for more detailed steps on how to amend a grant agreement.

## CHANGE HISTORY:

<table>
<thead>
<tr>
<th>No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>EGMC</td>
<td>• Consolidate operational guidance on all types of grant revisions into one comprehensive operational policy.</td>
<td>15 February 2017</td>
<td>1.0</td>
</tr>
<tr>
<td>2.</td>
<td>Chair, EGMC</td>
<td>• Alignment with Guidelines on Budgeting and Financial Reporting – budget revisions • Minor process and language edits to clarify guidance and requirements (without changing content)</td>
<td>22 February 2018</td>
<td>1.1</td>
</tr>
</tbody>
</table>
Pooled Procurement Mechanism

Approved on: 25 March 2019
Approved by: Executive Grant Management Committee
Process Owner: Sourcing and Supply Chain
Sub-Owners: Program Finance and Controlling

OVERALL OBJECTIVES

1. The Pooled Procurement Mechanism (PPM) is a key tool used to implement the Global Fund’s Market Shaping Strategy. PPM enables the Global Fund Secretariat to aggregate order volumes from participating Principal Recipients to leverage the Global Fund’s market spend aiming to:
   a. secure quality-assured products;
   b. obtain better Value for Money through best pricing and delivery conditions;
   c. reduce lead times for critical health products by engaging with manufacturers using framework contracts; and
   d. contribute to sustainable markets for core life-saving health products as defined in paragraph 4 (i) below.

2. The framework below provides a summary overview of the PPM process:

![PPM Process Diagram]

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596 Unless otherwise defined, all capitalized terms used in this Operational Policy Note shall have the same meaning as set forth in the Global Fund Grant Regulations (2014) available at: [https://www.theglobalfund.org/grantregulations](https://www.theglobalfund.org/grantregulations).

597 Value for Money as defined under the Global Fund Procurement Policy (2008) as amended from time to time.
OPERATIONAL POLICY

3. This operational policy describes critical rules and requirements for implementation of the Pooled Procurement Mechanism. Detailed procedural guidance to implement these rules are provided in the Operational Procedures. It applies to grants financed under the 2017-2019 allocation period and thereafter.

Eligible Health Products

4. Health products that may be procured by Principal Recipients through the PPM are categorized as PPM core or non-core products. The list, which may be updated from time to time, is as follows:

(i) Core products: anti-retrovirals (ARVs); rapid diagnostic tests for HIV (HIV RDTs); CD4 and viral load tests; Artemisinin-based combination therapy (ACTs); long-lasting insecticide treated nets (LLINs); anti-malarial pharmaceutical products (other than ACTs); and rapid diagnostic tests for malaria (malaria RDTs).

(ii) Non-core products: drugs for opportunistic infections and sexually transmitted infections; other diagnostic products and laboratory supplies; post-exposure prophylaxis kits; condoms; re-treatment tablets for bednets; insecticides for indoor residual spraying (IRS) and related equipment/consumables; and other products agreed with the Sourcing Team.

Procurement Service Agents and Suppliers

5. Through the PPM, the Global Fund facilitates the procurement of eligible health products identified at paragraph 4 above for Principal Recipients using the services of Procurement Services Agents (PSAs). PSAs are external service providers contracted by the Global Fund to perform procurement and delivery services on behalf of PPM-participating Principal Recipients, including order and logistics management, while ensuring quality assurance and timely deliveries. The selection of PSAs is done by the Global Fund through a competitive process, and their performance is managed through long-term performance-based agreements.598

6. As part of the PPM, the Global Fund also manages the selection of suppliers for certain core health products. Supplier performance is managed by the Global Fund through long-term performance-based agreements which are signed according to the Global Fund Delegations of Signature Authority (which may be amended from time to time). Supplier-specific prices negotiated by the Sourcing Team for health products are uploaded onto the wambo.org platform and are updated from time to time.

7. In order to efficiently manage the overall PPM mechanism, the Global Fund may issue an annual Payment Limit Letter599 to each PSA as a guarantee up to a defined ceiling amount for grant-funded PPM procurement. The Payment Limit Letter is based on the estimated consolidated forecast of grant-funded health products compiled by the Sourcing Team to be procured by Principal Recipients through PPM.

8. The Payment Limit Letter will take the form of an annual Purchase Order as created in the Global Fund Financial System (GFS) by the Sourcing Team, and approved and signed in accordance with the Global Fund Delegations of Signature Authority (which may be amended from time to time).

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598 For certain categories of health products, the Global Fund may use partner organizations, acting as agents of the Principal Recipients.
599 Previously referred to as a Letter of Commitment.
A. Principal Recipient Registration

9. Principal Recipients may wish, on a voluntary basis, to take advantage of the benefits (e.g., reliable delivery) and negotiated PPM prices which may provide better Value for Money. In the event that a Principal Recipient does not volunteer, the Country Team may require a Principal Recipient to use this mechanism for some or all Global Fund-financed health products as a risk-mitigating measure where the Principal Recipient or the designated procurement entity has demonstrated inadequate capacity to procure health products effectively and efficiently. At its own discretion, the Global Fund may for any Principal Recipient, regardless of their participation in PPM, limit health product budgets to the negotiated PPM unit prices to ensure that the Global Fund will not pay for health products purchased by non-PPM participating Principal Recipients more than the PPM negotiated prices for similar commodities.600

10. To participate in PPM, Principal Recipients must comply with defined PPM registration requirements. A registration application may be submitted and processed at any time during grant making or implementation.

11. Participation in PPM is, in principle, for the duration of the grant managed by the same Principal Recipient. Registration remains effective until they cease to be Principal Recipient or the Principal Recipient’s participation in PPM ends. The Principal Recipient’s participation in PPM may be ended through written notice only, at least ninety (90) calendar days prior to the desired end date.601

12. Only PPM-registered Principal Recipients are allowed to use PPM, including the Rapid Supply Mechanism (RSM).

B. Earmarking Funding for PPM

13. PPM-related funding is committed outside of the grant-based annual funding decision process. From the grant signed amount, Grant Funds are earmarked for PPM orders directly in GFS by setting the PPM ceiling amount, which, for orders processed through wambo.org, is automatically interfaced with wambo.org.

14. The PPM ceiling amount can be based either on the approved PPM-related procurement budget for the implementation period of the grant as per the approved List of Health Products, as applicable, or adjusted over time as each PPM order request is received from the Principal Recipient.

15. The sum of all Grant Funds committed through annual funding decisions, wambo.org orders, and the PPM Internal Order Confirmation Form for the full implementation period and closure period of a grant must not exceed the grant signed amount of the relevant Grant Agreement as approved by the Global Fund Board.

C. PPM Order Request, Approval and Delivery

16. PPM Purchase Requisitions are raised electronically through the wambo.org platform.602

600 Reference prices per product category are updated from time to time and are available at: https://www.theglobalfund.org/en/sourcing-management/health-products/

601 The end of participation in PPM would apply to new Price Quotations not yet approved; any Price Quotations approved by the Principal Recipient prior to the desired end date would be fulfilled as per contractual agreements triggered by Principal Recipient approval of the Price Quotation.

602 Until system improvements permit the raising of Rapid Supply Mechanism orders through the wambo.org platform, RSM orders may be raised “manually.”
17. A request for procurement should only be initiated by the Principal Recipient and will only be validated by the Country Team and the Sourcing Team after grant signing if:

   a. Principal Recipient registration to participate in PPM has been completed;
   b. the quantification and estimation of the initial order value has been approved by the Global Fund (e.g., as per the List of Health Products, where applicable);
   c. Grant Funds are available in accordance with the signed Grant Agreement and the associated approved budget; and
   d. all relevant grant requirements for the procurement have been fulfilled, or otherwise waived or postponed.603

18. PPM Purchase Requisitions should include a requested delivery date. To achieve better Value for Money and timely delivery of products under PPM, Principal Recipients must place orders taking into account a minimum procurement lead time as defined in the Category and Product-level Procurement and Delivery Planning Guide (as amended from time to time).604 If the requested lead-time is below the defined minimum lead time, additional costs may be incurred by using air freight instead of the standard sea freight.

19. When the order request is submitted less than three months from the expected delivery date, the Sourcing Team may recommend the use of the RSM. The RSM is an approach that has been agreed with selected suppliers to help mitigate against the risk of stock-outs of certain health products. Through agreements with selected suppliers, suppliers implement Vendor Managed Inventory (VMI) of certain health products to permit increased responsiveness and reduced delivery times compared to the standard order process. Through the RSM, certain health products can be delivered to the port of entry within four to six weeks from order approval. Products available through the RSM include select anti-retroviral medicines and antimalarial medicines through VMI. This product selection may be reviewed from time to time and amended as deemed necessary by the Sourcing Team. The RSM includes a premium fee of the total commodity cost.

20. All order requests should be submitted and planned as per standard lead times to ensure that final deliveries take place no later than the implementation period end-date stipulated in the Grant Agreement. In certain instances, deliveries may span between two implementation periods, in which case relevant guidance should be consulted.605

21. Following review and approval of the Purchase Requisition by the Sourcing Team and Country Team per agreed procedures, a Price Quotation is submitted to the Principal Recipient for approval and, if required under the Principal Recipient’s national laws, signature. The Price Quotation may include a buffer amount, which can be used for potential increases in cost; the buffer, if any, is set as described in the PSA’s standard Terms and Conditions. Following approval and, if applicable, signature by the Principal Recipient of the Price Quotation and the Global Fund’s review and clearance process, a Purchase Order is issued on wambo.org, which becomes the legally binding agreement between the PSA and the Principal Recipient.606

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603 In accordance with the OPN on Conditions and Management Actions or future OPN providing guidance on management of requirements.
604 See https://www.theglobalfund.org/media/4754/psm_categoryproductlevelprocurementdeliveryplanning_guide_en.pdf
605 Guidelines for Grant Budgeting.
606 Until system improvements permit the raising of Rapid Supply Mechanism orders through the wambo.org platform, RSM orders may be raised “manually.”
Approval limits for purposes of PPM Purchase Orders, including RSM orders, issued to PSAs are broken down into two categories (as outlined in the table below):

<table>
<thead>
<tr>
<th>APPROVAL AUTHORITY</th>
<th>Up to (and including) US$ 10 million</th>
<th>Above US$ 10 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPM Purchase Orders, including Rapid Supply Mechanism orders</td>
<td>• Manager, Global Sourcing, Sourcing &amp; Supply Chain Department</td>
<td>• Senior Manager, Sourcing &amp; Supply Chain Department</td>
</tr>
</tbody>
</table>

22. The issuance of a PPM Purchase Order on wambo.org triggers grant liability recognition in the accounts of the Global Fund.\(^{607}\) Once committed, PPM funds will no longer be available for other purposes (e.g., disbursement to the Principal Recipient or third parties) until the order is finalized and all payments for the relevant PPM Purchase Order are made to the PSA. The Principal Recipient will be notified of every PPM-related commitment made.

23. Under certain circumstances, a Price Quotation for a previously approved order may need to be updated. For material changes (as defined in the PPM Operational Procedures), an updated Price Quotation will be issued to the Principal Recipient for approval and, if applicable, signature, following the initial process followed. For non-material changes, the Principal Recipient will be notified of the changes.

24. PSAs are responsible for issuing Purchase Orders (or their equivalent) and other requested information to suppliers and logistics providers for the fulfilment of PPM Purchase Orders and delivery of the health products to the Principal Recipient. PSAs are also responsible for ensuring that health products meet the quality standards of the Global Fund.

25. Principal Recipients are responsible for ensuring appropriate waivers (e.g., registration and import duty, etc.) are obtained when required and facilitating the import process locally. Principal Recipients must confirm receipt of each order to the corresponding PSA, indicating the goods received and any discrepancies.

**D. PPM Payments and Reporting**

26. Payments to PSAs for the procurement and delivery of health products and their services under the PPM shall be made from available Grant Funds of PPM-participating Principal Recipients.\(^{608}\) Payments are made to PSAs by the Global Fund on behalf of Principal Recipients upon approval of invoices in accordance with the payment terms stipulated in their respective agreements. All payments made will be charged as disbursements under the respective grants, and the Principal Recipient will be informed of every PPM-related disbursement made. The approved PPM Purchase Orders and related payments will reduce the open value of the Payment Limit Letter for the relevant PSA.

27. For the purposes of procurement management, planning and performance, the PSAs will send to the Global Fund a comprehensive report capturing required financial and operational details for each grant on a regular basis as agreed with the Global Fund. Reports received from PSAs feed into Global Fund organizational reporting.

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\(^{607}\) In the case of RSM orders processed outside of wambo.org, the approval of the Internal Order Confirmation Form and related confirmation of funding for the RSM quotation or its equivalent to the PSA triggers grant liability recognition in the accounts of the Global Fund.

\(^{608}\) If a grant is suspended or terminated, no disbursements shall be made without due consideration and relevant authorization in accordance with Global Fund policies and procedures relating to the suspension and termination of grants.
28. PPM Purchase Orders are closed after products have been received by the Principal Recipient and all PSA payments have been made. As described in the PPM Operational Procedures, confirmation of the receipt of goods is made by the Principal Recipient to the PSA within the timeline specified in the Terms and Conditions for the order, after which time the goods are considered received. Once all payments have been made to the PSA, an Invoice Summary Statement is issued to the Principal Recipient, who is granted fifteen days within which to review and to object, or approve the statement; in case of no response within fifteen days, the Invoice Summary Statement is approved in wambo.org on the Principal Recipient’s behalf, and the Purchase Order is closed.609 The Principal Recipients will be notified of any de-commitment.

609 Until system improvements permit the raising of Rapid Supply Mechanism orders through the wambo.org platform, RSM orders may be closed “manually.”
Annex 1. Definition of Terms

1. **List of Health Products**: An outline of the health products and associated costs that will be financed through the funding request. The list contributes to the detailed grant budget and includes for each product, the estimated quantities to be procured for each year of the implementation period, their estimated unit costs and costs related to their management. This is required of ‘High Impact’ countries at the funding request stage and is optional for ‘Core’ countries, depending on the proportion of the funding request allocated to health products.610

2. **Purchase Requisition**: A procurement request submitted by the Principal Recipient to the Procurement Services Agent containing product information, quantities, requested delivery date, ship-to address, consignee, Incoterm and special requests, if any.

3. **Price Quotation**: A legally binding offer by the Procurement Service Agent to the Principal Recipient to supply and deliver products in accordance with the terms set out therein, specifying the Incoterm applicable to the order, which is either signed manually or approved through wambo.org by the Principal Recipient.

4. **Purchase Order**: The legally binding agreement between the PSA and the Principal Recipient, issued by wambo.org resulting from the Price Quotation approved, and, if required by the Principal Recipient’s national laws, signed by the Principal Recipient and the completion of the Global Fund’s review and clearance process.

5. **Wambo.org**: The electronic purchasing platform through which PPM transactions are processed. More information is available at [https://www.theglobalfund.org/en/wambo/](https://www.theglobalfund.org/en/wambo/).

6. **Invoice Summary Statement**: A final statement summarizing all invoices issued through wambo.org after all payments to the PSA have been processed for a Purchase Order.

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610 Portfolio Categorization by the Global Fund- list of countries
<table>
<thead>
<tr>
<th>No.</th>
<th>Issued/Changed By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strategic Investment and Portfolio Optimization Team</td>
<td>N/A</td>
<td>10 October 2012</td>
<td>1.0</td>
</tr>
<tr>
<td>2</td>
<td>Sourcing Department and Financial Development Team</td>
<td>Key changes include earmarking PPM commitments through the AFD (based on updated Procurement Plans) without releasing payments to PSAs anymore.</td>
<td>11 June 2014</td>
<td>1.1</td>
</tr>
<tr>
<td>3</td>
<td>Sourcing and Financial Development Team</td>
<td>Introducing the IOCF, and the process for advance procurement.</td>
<td>13 March 2015</td>
<td>1.2</td>
</tr>
<tr>
<td>4</td>
<td>Sourcing and Supply Chain and Program Finance and Controlling</td>
<td>Revisions and additions to processes relating to PPM orders raised via wambo.org Revisions and additions to processes relating to Rapid Supply Mechanism (RSM) orders Updated guidance on Exceptions Updated to follow new format to distinguish Operational Policy Note from Operational Procedures</td>
<td>8 November 2018</td>
<td>1.3</td>
</tr>
<tr>
<td>5</td>
<td>Sourcing and Supply Chain and Program Finance and Controlling and Legal &amp; Compliance Department</td>
<td>Revisions to include explicit reference to a buffer Revisions to clarify purchase order closure Updates to terms, definitions and document references</td>
<td>25 March 2019</td>
<td>1.4</td>
</tr>
</tbody>
</table>
The Global Fund’s Operational Policy Manual

Pooled Procurement Mechanism

Approved on: 8 November 2018
Approved by: Executive Grant Management Committee
Process Owner: Sourcing and Supply Chain
Sub-Process Owner: Program Finance and Controlling

Relevant Operational Policies and Guidance:

- OPN on Pooled Procurement Mechanism
- Guidance on Category and Product-level Procurement and Delivery Planning
- Guidance on Transition between Allocation Utilization Periods (Section 2 of the Guidelines for Grant Budgeting)

1. This document provides procedural guidance on the Pooled Procurement Mechanism (PPM). It applies to grants financed under the 2017-2019 allocation period and thereafter. The diagram below provides an overview of the key steps in the PPM process:

2. Detailed procedural guidance is provided below on each of the key steps outlined above for the standard PPM process through the wambo.org platform. An additional section on the full procedures for the Rapid Supply Mechanism, which also essentially progresses from key step A to D, is provided as well.

   - Section A: PPM Registration
   - Section B: Earmarking Funds for PPM
   - Section C: PPM Order Request, Approval and Delivery
   - Section D: PPM Payments and Reporting
   - Section E: Rapid Supply Mechanism

SECTION A: PPM REGISTRATION

3. PPM participation may be initiated by the Principal Recipient or required by the Global Fund.
<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal Recipient completes registration requirements</td>
<td>During Grant Making or Implementation</td>
<td>Review by:</td>
</tr>
<tr>
<td>• Signed Registration Letter with the PPM Schedule on Operational Matters;</td>
<td></td>
<td>• PPM Focal Point, who validates registration information (e.g., grant details, delivery details, etc.)</td>
</tr>
<tr>
<td>• Wambo.org on-boarding form and the wambo.org Terms of Use</td>
<td></td>
<td>• Wambo Team for system configuration (e.g., authorized users, acceptance of electronic approvals, approval hierarchy, delivery addresses and consignees, and required shipping documents)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Senior Manager, Sourcing Team</td>
</tr>
</tbody>
</table>
SECTION B: EARMARKING FUNDING FOR PPM

4. Grant funds are earmarked for PPM procurement in the Global Fund Financial System. The initial PPM ceiling and increases to it can be based either on the approved PPM-related procurement budget for the implementation period of the grant or adjusted over time as each PPM order request is received from the Principal Recipient. Only the unutilized PPM ceiling can be reduced (i.e., the amount that has not been committed for specific orders). Such reduction should be processed only if the unutilized PPM ceiling will no longer be required for existing or future PPM orders.

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of and increases in PPM ceiling</td>
<td>After Grant Signature, either up front or over time as each PPM purchase requisition is raised</td>
<td>- Finance Specialist/Portfolio Services Team (PST) Specialist, in consultation with the FPM, after validating the PPM ceiling establishment or increase against the quantification and estimation of the order value approved by the HPM Specialist (e.g., as per the List of Health Products, where applicable)</td>
</tr>
<tr>
<td>Decreases in PPM ceiling</td>
<td>Anytime, provided the unutilized PPM ceiling is not required for existing or future PPM orders</td>
<td>Review by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- PPM Financial Controlling, who validates that the unutilized PPM ceiling is not required for existing PPM orders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- PPM Focal Point, who validates that no PPM orders are in the pipeline or no incremental commitments on current PPM orders are required</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- HPM Specialist, who validates that no additional PPM orders are planned to be placed under the current Implementation Period</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Finance Specialist/PST Specialist</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Fund Portfolio Manager, based on the above</td>
</tr>
</tbody>
</table>

611 Please note that for Focused Countries for which no HPM Specialist is assigned, during the onboarding process, the Country Team will determine who will perform this step. In some instances, this may be the Fund Portfolio Manager.
SECTION C: PPM ORDER REQUEST, APPROVAL AND DELIVERY

5. **PPM Order Request and Approval.** The Principal Recipient submits a Purchase Requisition taking into account the minimum procurement lead time as defined in the Category and Product-level Procurement and Delivery Planning Guide (as amended from time to time).\(^{612}\) For products not listed in the Guide, prior to submission of the Purchase Requisition, consultation with the PPM Focal Point for anticipated lead times is recommended. For emergency orders, the Global Fund has established the Rapid Supply Mechanism, which is detailed in Section E.

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval(^{613})</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PPM Purchase Requisition</strong></td>
<td>In accordance with minimum procurement lead time, as defined in the Category and Product-level Procurement and Delivery Planning Guide (as amended from time to time)(^{614}) or as agreed with PPM Focal Point</td>
<td>Stage 1 review by:</td>
</tr>
<tr>
<td>submitted by the Principal Recipient through the wambo.org platform, specifying:</td>
<td></td>
<td>• PPM Focal Point who validates the order for consistency and feasibility (e.g. product compliance with Global Fund Quality Assurance Policy, ship-to-address, consignee, Incoterm, requested delivery date, etc.)</td>
</tr>
<tr>
<td>• product information, quantities, requested delivery date, ship-to-address, consignee, Incoterm and special requests, if any.</td>
<td></td>
<td>Stage 2 review by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• HPM Specialist, who validates compliance with the approved List of Health Products (or general grant purpose otherwise), Quantities and Costs, requested delivery date, reasonableness of special requests, grant agreement and related grant requirements and other mitigating measures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PPM Category Manager, who validates supplier allocation for core products, if any</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PSA, who includes non-core product costs, estimated freight costs, Procurement and Supply Management costs (e.g., quality assurance), etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PPM Focal Point, who approves after validating PSA inputs</td>
</tr>
</tbody>
</table>

\(^{612}\) See [https://www.theglobalfund.org/media/4754/psm_categoryproductlevelprocurementdeliveryplanning_guide_en.pdf](https://www.theglobalfund.org/media/4754/psm_categoryproductlevelprocurementdeliveryplanning_guide_en.pdf)

\(^{613}\) Please note that for Focused Countries for which no HPM Specialist is assigned, during the onboarding process, the Country Team will determine who will perform this step. In some instances, this may be the Fund Portfolio Manager. Please also note that the Principal Recipient and/or Country Team may decide to include a Local Fund Agent and/or a Fiscal Agent in some of the review and approval steps, in addition to the actors described here.

\(^{614}\) See [https://www.theglobalfund.org/media/4754/psm_categoryproductlevelprocurementdeliveryplanning_guide_en.pdf](https://www.theglobalfund.org/media/4754/psm_categoryproductlevelprocurementdeliveryplanning_guide_en.pdf)
<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| **Electronic Price Quotation** issued to the Principal Recipient through wambo.org and attached to the Purchase Requisition | Following approval of a Purchase Requisition | If approved Price Quotation is within PPM unutilized ceiling amount: Price Quotation is issued to Principal Recipient via wambo.org  
If approved Purchase Requisition exceeds PPM unutilized ceiling amount:  
Review by:  
• FPM, who requests Finance Specialist/PST Specialist to increase the PPM ceiling before issuing the Price Quotation to the Principal Recipient  
Approval by:  
• Principal Recipient  
(Approval may be electronic or may require that the Principal Recipient sign the Price Quotation attached to the Purchase Requisition, scan and upload it onto wambo.org) |
| **Electronic Purchase Order** issued through wambo.org to the PSA | Following Principal Recipient approval of electronic Price Quotation | Review by:  
• PPM Financial Controlling, who verifies the availability of funding for the grant in the Global Fund Financial System and/or exception approval for initiation of advance procurement is complete and ensures that PPM-related policies and guidance are adhered to, including but not limited to delivery dates  
Approval by:  
• PPM Manager; and  
• Additional approvers in accordance with approval limits defined in the OPN on PPM  
Principal Recipient is informed that the Purchase Order has been issued through a system-generated email. |
| **Grant commitment** processed in the Global Fund Financial System | Following issuance of electronic Purchase Order to the PSA | Financial Services, who verifies the availability of funding for the grant and approves grant commitment sent by wambo.org to the Global Fund Financial System interface  
The Country Team is informed and sends the Principal Recipient a Commitment Notification Letter. |
6. **Order changes.** In some instances, changes may need to be made to an electronic Price Quotation after it has been approved by the Principal Recipient. For material changes, following a review/approval process similar to that for the issuance of the original electronic Price Quotation, the Principal Recipient will receive an updated electronic Price Quotation for review/approval. For non-material changes, the Principal Recipient will be notified of the changes.

Each of the following shall constitute a non-material change:

(a) Increases in the price originally authorized by the Principal Recipient in an electronic Price Quotation as evidenced by the affirmative consent or signature of its duly authorized representative, where such increases amount to no more than Ten Thousand United States Dollars (USD 10,000) or five percent (5%) of the total value of the electronic Price Quotation, whichever is less. Increases pursuant to the foregoing sentence will be calculated against the price originally authorized by the Principal Recipient and shall not apply with respect to amended prices where the Global Fund has processed increases incrementally or cumulatively.

(b) Unplanned costs related to importation (e.g., demurrage, container detention, warehousing, etc.) for which there are accruing costs and for which further delays to address the import issue may result in additional costs.

A material change is a change where the cost increase is USD 10,000 and above or represents 5% or more of the total value of the electronic Price Quotation (whichever is less). Increases pursuant to the foregoing sentence will be calculated against the price originally authorized by the Principal Recipient and shall not apply with respect to amended prices where the Global Fund has processed increases incrementally or cumulatively.

7. **Order Fulfilment and Delivery.** The PSA is responsible for ensuring that orders are fulfilled and delivered to the Principal Recipient in accordance with the approved order. PSA performance is monitored by the Sourcing Team. When the Global Fund has executed agreements with manufacturers, the performance of such manufacturers is also monitored by the Sourcing Team, in accordance with those agreements, including their ability to meet promised goods-ready-pick-up dates.

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orders are confirmed by the PSA with suppliers</strong>&lt;br&gt;(manufacturers and logistics agents) for the quotations approved by the Principal Recipient</td>
<td><strong>Principal Recipient is responsible for ensuring appropriate waivers are obtained when required and facilitating the import process locally.</strong>&lt;br&gt;Following receipt of the Purchase Order issued through wambo.org</td>
<td>PSA, who undertakes required actions</td>
</tr>
<tr>
<td>Requirements</td>
<td>Timeline</td>
<td>Review and Approval</td>
</tr>
<tr>
<td>--------------</td>
<td>----------</td>
<td>---------------------</td>
</tr>
<tr>
<td>PSA notifies Principal Recipient and Sourcing Team on any delays of deliveries or changes in products supplied or changes in cost which can trigger additional approvals if the materiality thresholds as defined in paragraph 6 above are met</td>
<td></td>
<td>PSA, who undertakes required actions</td>
</tr>
<tr>
<td><strong>Quality Control testing of health products completed, if any, in line with Global Fund Quality Assurance policies</strong></td>
<td>Prior to delivery</td>
<td>PSA, who undertakes required actions</td>
</tr>
<tr>
<td><strong>Products are delivered by PSA-engaged logistics agent to the Principal Recipient</strong></td>
<td>Following health product manufacture and quality control testing, as applicable</td>
<td>PSA, who undertakes required actions</td>
</tr>
<tr>
<td><strong>Confirmation of receipt of goods delivered and associated costs by the Principal Recipient (or designated/contracted service provider, as the case may be)</strong></td>
<td>Following delivery</td>
<td>Principal Recipient, who validates quantity and condition of the goods and reports any discrepancy to the PSA within the time limit specified in the PSA’s Terms and Conditions</td>
</tr>
</tbody>
</table>
## SECTION D: PPM PAYMENTS AND REPORTING

8. Payments are made to PSAs per payment terms stipulated in their respective Agreements.

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| **Payments to PSAs** based on invoices received, which triggers disbursements under the respective grants | Based on PSA Agreements | Review by:  
• PPM Financial Controlling, who verifies invoices not automatically matched in wambo.org  

Approval by:  
• Financial Services, who approves based on final compliance and due diligence review (including Batch Release Approval for execution of the transaction by the Treasury and banking institution)  

The Country Team is informed and sends the Principal Recipient a Disbursement Notification Letter. |
| **Periodic performance and financial reports** submitted by the PSA to the Global Fund on their procurement activities | Per agreed periodicity | Review by:  
• PPM Category Manager and PPM Manager, Sourcing Team, who validate and approve performance information  
• PPM Financial Controlling, who validates and approves financial information |
| **Electronic Purchase Order is closed** | Following submission of Invoice Statement by PSA | Review by:  
• Wambo Team, who uploads Global Fund Invoice Statement to wambo.org (until full automation is possible)  
• PPM Focal Point, who flags known anomalies, if any  
• PR, who flags known anomalies, if any  

Approved by:  
• PPM Financial Controlling, who approves after confirming financial information in the PSA and Global Fund statements are consistent, complete and accurate  

In case of any de-commitment, the Country Team is informed and sends the Principal Recipient a Commitment Notification Letter.  

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615 A non-response by the Principal Recipient after 15 days will be considered concurrence with the Invoice Statement, in which case the PPM Focal Point will approve the Invoice Statement on behalf of the Principal Recipient.
SECTION E: RAPID SUPPLY MECHANISM ORDERS

10. When the order is placed less than three months from the expected delivery date, the Sourcing Team may recommend the Rapid Supply Mechanism (RSM). RSM orders may be raised “manually” until system improvements permit the raising of these orders through the wambo.org platform. If RSM is requested for a non-PPM-registered Principal Recipient, a pre-approval following the exceptions process, as defined in Annex 6 (Managing Exceptions) is required, before the RSM order process is initiated.

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval[^616]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed Rapid Supply Mechanism Order Form</td>
<td>After completion</td>
<td>Review by:</td>
</tr>
<tr>
<td></td>
<td>of the PPM Registration process for...</td>
<td>• HPM Specialist, who confirms the urgency of the request, ...</td>
</tr>
<tr>
<td></td>
<td>PPM-registered Principal Recipients or</td>
<td>validates the order against the List of Health Products (or the general grant purpose otherwise), the requested delivery date, reasonableness of the request</td>
</tr>
<tr>
<td></td>
<td>after completion</td>
<td>• PPM Focal Point, who reviews consistency and feasibility (e.g., ship-to-address, consignee, Incoterm, requested delivery date, ensure that the final delivery date is not later than the grant implementation period, etc.)</td>
</tr>
<tr>
<td></td>
<td>of the exception process for non-PPM-registered Principal Recipients</td>
<td>• Finance Specialist/PST Specialist, who confirms availability of funds in PPM ceiling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fund Portfolio Manager, through signature of the RSM Order Form</td>
</tr>
</tbody>
</table>

[^616] Please note that for Focused Countries for which no HPM Specialist is assigned, during the onboarding process, the Country Team will determine who will perform this step. In some instances, this may be the Fund Portfolio Manager. Please also note that the Principal Recipient and/or Country Team may decide to include a Local Fund Agent and/or a Fiscal Agent in some of the review and approval steps, in addition to the actors described here.
<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuance of the Rapid Supply Mechanism Order Form to the PSA</strong></td>
<td>Following countersignature of Fund Portfolio Manager of Rapid Supply Mechanism Order Form signed by the Principal Recipient</td>
<td>Review by: • PPM Category Manager, who completes the Supplier Allocation Overview in line with Sourcing Strategy • PPM Financial Controlling, who verifies the availability of funding for the grant in GFS and ensures that PPM-related policies and guidance are adhered to, including, but not limited to, delivery dates and exception approval for initiation of advance procurement, as applicable Approval by: • PPM Manager, based on the above (and additional approvers, as applicable)</td>
</tr>
<tr>
<td><strong>Grant commitment</strong> processed in the Global Fund Financial System through the Internal Order Confirmation Form</td>
<td>Following issuance of fully executed Rapid Supply Mechanism Order Form to the PSA</td>
<td>Financial Services, who verifies and approves that the Internal Order Confirmation Form amount is within the approved Grant Agreement (Grant Purchase Order) amount in GFS. The Country Team is informed and sends the Principal Recipient a Commitment Notification Letter.</td>
</tr>
<tr>
<td>An invoice is created in the Global Fund Financial System to earmark the PPM amount for each PSA held at the grant level and to be paid based on the expenses reported by PSAs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Orders are confirmed by the PSA with suppliers</strong> (manufacturers and logistics agents) for the quotations approved by the Principal Recipient</td>
<td>Following receipt of the Purchase Order issued through wambo.org</td>
<td>PSA, who undertakes required actions</td>
</tr>
<tr>
<td><em>Principal Recipient is responsible for ensuring appropriate waivers are obtained when required and facilitating the import process locally.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSA notifies Principal Recipient and Sourcing Team on any delays of deliveries or changes in products supplied or changes in</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>Timeline</td>
<td>Review and Approval</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>------------------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>cost which can trigger additional approvals if the materiality thresholds as defined in paragraph 6 above are met</td>
<td></td>
<td>PSA, who undertakes required actions</td>
</tr>
<tr>
<td><strong>Quality Control testing of health products completed,</strong> if any, in line with Global Fund Quality Assurance policies</td>
<td>Prior to delivery</td>
<td>PSA, who undertakes required actions</td>
</tr>
<tr>
<td><strong>Products are delivered by PSA-engaged logistics agent</strong> to the Principal Recipient</td>
<td>Following health product manufacture and quality control testing, as applicable</td>
<td>PSA, who undertakes required actions</td>
</tr>
<tr>
<td><strong>Confirmation of receipt of goods delivered and associated costs</strong> by the Principal Recipient (or designated/contracted service provider, as the case may be)</td>
<td>Following health product manufacture and quality control testing, as applicable</td>
<td>Principal Recipient, who validates quantity and condition of the goods and reports any discrepancy to the PSA within the time limit specified in the PSA’s Terms and Conditions</td>
</tr>
<tr>
<td><strong>Payments to PSAs</strong> based on invoices received, which triggers disbursements under the respective grants</td>
<td>Based on PSA Agreements</td>
<td>Review by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PPM Financial Controlling, who verifies invoices that are not automatically matched in wambo.org</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Financial Services, who approves based on final compliance and due diligence review (including Batch Release Approval for execution of the transaction by the Treasury and banking institution)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Country Team is informed and sends the Principal Recipient a Disbursement Notification Letter.</td>
</tr>
<tr>
<td><strong>Periodic performance and financial reports</strong> submitted by the PSA to the Global Fund on their procurement activities</td>
<td>Per agreed periodicity</td>
<td>Review by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PPM Category Manager and PPM Manager, who validate and approve performance information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• PPM Financial Controlling, who validates and approves financial information</td>
</tr>
<tr>
<td><strong>Requirements</strong></td>
<td><strong>Timeline</strong></td>
<td><strong>Review and Approval</strong></td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------</td>
<td>------------------------</td>
</tr>
</tbody>
</table>
| **Purchase Order** is closed | Following submission of Invoice Statement by PSA | Review by:  
- PPM Focal Point, who flags known anomalies, if any  
Approved by:  
- PPM Financial Controlling, who approves after confirming financial information in the PSA and Global Fund statements are consistent, complete and accurate  
In case of any de-commitment, the Country Team is informed and sends the Principal Recipient a Commitment Notification Letter. |

**Acronyms:**  
**FPM**: Fund Portfolio Manager (including Senior FPM and Disease Fund Manager for Nigeria and DRC)  
**HPM**: Health Product Management Specialist
OPERATIONAL POLICY NOTE

Implementing the Quality Assurance Policies for Pharmaceutical, Diagnostics and Other Health Products

Issued on: 10 November 2014

Purpose: To define the monitoring process for compliance with requirements of the Quality Assurance Policies for Pharmaceutical, Diagnostics and other health products, including corrective measures to address non-compliance.

OVERALL OBJECTIVES

1. The Global Fund’s Quality Assurance (QA) Policy for Pharmaceutical Products and Quality Assurance Policy for Diagnostics Products defines the requirements which must be met for finished pharmaceutical products (FPP) and diagnostic products purchased with Global Fund resources. For other health products, the Global Fund has specified requirements for selection and procurement, as listed in the Guide to Global Fund Policies on Procurement and Supply Management of Health Products. The objectives of the QA policies and requirements are to ensure that grant recipients procure quality-assured health products and that value for money is achieved. The QA policies play a critical role in ensuring that risks related to poor quality, substandard products are mitigated for the benefit of those who need them. Ensuring compliance with the policies and requirements is an essential function of the Secretariat.

POLICY AND PRINCIPLES

2. Global Fund quality assurance refers to the management activities required to ensure that the medicines and other health products are of the quality required for their intended use. There are four categories of products:

A. Pharmaceutical Products
B. Diagnostic Products
C. Pesticides
D. Condoms

3. The quality requirements for each of these categories is summarized below, with reference to the relevant Quality Assurance Policy when relevant and other important documents. For more information, please refer to the Quality Assurance Information section of the Global Fund website.

A. Quality Assurance Policy for Pharmaceutical Products

4. The Quality Assurance Policy for Pharmaceutical Products (“QA Pharmaceutical Policy”)\(^{617}\) aims to ensure the safety of pharmaceutical products procured with Global Fund resources.

5. The policy defines quality requirements for Finished Pharmaceutical Products (FPPs) that are antiretrovirals (ARVs), anti-malarial and anti-tuberculosis, and for all other FPPs. Currently, all other FPPs only need to comply with the relevant quality standards that are established by the National Drug Regulatory Authority (NDRA) in the country of use. The quality requirements and

\(^{617}\) GF/B22/11 Revision 1, Annex 1, amendments approved by the Board in December 2010 under GF/B22/DP9: Global Fund Quality Assurance Policy for Pharmaceutical Products.
corrective measures in case of non-compliance described in this OPN apply to all ARVs, antimalarial and anti-TB FPPs.

**Quality Requirements for ARVs, Antimalarial and Anti-TB FPPs**

*Marketing authorization in country of use*

6. All finished pharmaceutical products (FPPs), must comply with the relevant quality standards established by the National Drug Regulatory Authority (NDRA) in the country of use.
   - For more detailed information, please refer to the [QA Pharmaceutical Policy](#), para. 19-21.

*Criteria for the procurement of ARVs, anti-TB products and antimalarials*

7. In addition to approval by the NDRA in the country of use, all ARV, anti-TB and anti-malaria pharmaceutical products should meet the following standards:
   i. Prequalified by the WHO Prequalification Programme (“A products”) or authorized for use by a Stringent Drug Regulatory Authority (SRA) (“B products”); or
   ii. Recommended for use by an Expert Review Panel (ERP).
   - For more detailed information, including the processes, please refer to the [QA Pharmaceutical Policy](#), para. 7-16.

*Before procuring ERP-reviewed products*

8. Before procuring ERP-reviewed products, Principal Recipients (PRs) must inform their Fund Portfolio Manager (FPM) in writing by filling in the “Notification Form”. Procurement can only proceed once the PR receives a “no objection” letter from the Global Fund Secretariat for the requested selection.
   - Notification Form
   - Notification of Additional Order Form

*Pre-shipment Quality Control (QC) testing and results*

9. The Global Fund is responsible for QC of ERP-reviewed products for which a notification has been received (see above). Testing is performed on random samples by an independent laboratory contracted by the Global Fund. Upon successful QC results, the Secretariat will approve product shipment by issuing a final letter, including the test report, to the PR and concerned manufacturer.
   - For more detailed information, please refer to the [QA Pharmaceutical Policy](#), para. 31.

**B. Quality Assurance Policy for Diagnostic Products**

10. The Quality Assurance Policy for Diagnostic Products618 (“QA Diagnostics Policy”) applies to all durable and non-durable in vitro diagnostics (IVDs), and imaging equipment and microscopes, used in Global Fund-financed programs for diagnosis, screening, surveillance or monitoring purposes. The PR must ensure that the procurement of Diagnostic Products with Grant Funds is

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618 GF/SIIC10/6 Revision 1, Annex 1, amendments approved by the SIIC in February 2014 under GF/SIIC10/DP2: [Global Fund Quality Assurance Policy for Diagnostic Products](#).

The Global Fund’s Operational Policy Manual 365
undertaken in compliance with all applicable laws and regulations, as outlined in the QA Diagnostics Policy.

Quality standards of manufacturing site

11. The PR must ensure that that the manufacturing site is compliant with the requirements of ISO 13485:2003; or ISO 9000 series as applicable; or an equivalent Quality Management System recognized by one of the Regulatory Authorities of the Founding Members of the Global Harmonization Task Force (GHTF), i.e. USA, Japan, EU, Canada, Australia.

- For more detailed information, please refer to the QA Diagnostics Policy, para. 7.

Quality standards of products

12. The PR must ensure that HIV Immunoassays, HIV Virological and CD4 technologies, tuberculosis Diagnostic Products and Malaria Rapid Diagnostic Tests comply with the following requirements:
   
   i. recommended by WHO for use in HIV, tuberculosis and malaria programs, as applicable, based on a technical review of quality and performance indicators; or
   
   ii. authorized for use by one of the Regulatory Authorities of the Founding Members of GHTF when stringently assessed (high risk classification). This option is only applicable to HIV Immunoassays Products and HIV Virological Technologies; or
   
   iii. shall be acceptable for procurement using Grant Funds, as determined by the Global Fund, based on the advice of an Expert Review Panel for Diagnostics (ERPD).

- For more detailed information, please refer to the QA Diagnostics Policy, paras. 8-9 and 17.

C. Quality Assurance requirements for public health pesticides

13. Recipients are only authorized to procure long-lasting insecticidal mosquito nets with grant funds when the products are recommended for use by the WHO Pesticide Evaluation Scheme (WHOPES) and other pesticides are compliant with specifications indicated by WHOPES.619 Below is a summary of the process to ensure that products comply with the quality assurance requirements:

   i. Products to be procured are approved by WHOPES (formulations/manufacturers)
   
   ii. Random pre-shipment testing by an independent QC lab
   
   iii. Sampling to be done by an independent sampling agent
   
   iv. Testing by a QC testing by ISO 17025 certified laboratory, WHO Collaborating Centre for QC of Pesticides and according to WHO Methods and Specifications ,

- For more information, please refer to the WHO Guidelines for Procuring Public Health Pesticides.

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619 The list of pesticide products recommended by WHOPES, including insecticides for indoor residual spraying, insecticides for treatment of nets, LNs and mosquito larvicides is available on the WHO site at https://www.who.int/whopes/resources/en/
D. Quality assurance requirements for condoms


It is highly recommended to all PRs to select condoms from the list of prequalified condoms published by United Nations Population Fund (UNFPA). If condoms selected are not on the UNFPA list, the PR must ensure that the following specifications are met:

a. The condoms complied with national regulatory policies of the country of use before being imported into a country;

b. The manufacturing facility conforms to ISO 13485 latest specifications;

c. The condoms meet Directive 93/42/CEE or other requirements from a Stringent Regulatory Authority;

d. The pre-shipment QC testing was performed in ISO17025 accredited laboratory that has been accredited for testing condoms; and

e. The testing was done as per ISO4074 (latest edition) as recommended by WHO, and the test report reviewed by the PR for compliance with the above specification.


• For more information, please refer to the Prequalification Section of the Reproductive Health Essential Medicines (RHEM) resource portal.

E. Quality assurance requirements for other health products

16. Health products, other than pharmaceutical products, diagnostic products, long-lasting insecticidal mosquito nets, other pesticides, and condoms, are selected from the applicable list of prequalified products, if any, and comply with the quality standards applicable in the country where such products will be used. This refers to health products for which the Global Fund has not developed a specific quality assurance policy, such as general laboratory items, syringes and therapeutic nutritional support.

Types of non-compliance with quality requirements

17. There are two possible ways in which a PR can breach the grant agreement by not complying with one of the QA Policies:

• **Level 1 “No-notification”:** Product(s) comply with the relevant quality requirement, however:
  i. the ERP(D)-recommended products have been procured without notification; or
  ii. for pesticides, the WHOPES products have been procured without pre-shipment testing.

• **Level 2 “Non-compliant procurement”:** the product(s) procured do not comply with the relevant QA Policy, and the PR fails to send notification(s) required for the procurement of ERP(D)-recommended product(s).
### Identifying non-compliance

18. Non-compliance is identified through either: (i) the review of data reported through the Price & Quality Reporting (PQR) tool on a quarterly basis; or (ii) reports from in-country sources, LFA, partners, etc.

19. When a case is reported, the Country Team evaluates the reasons for non-compliance and potential impact.

### Deciding on and monitoring of corrective measures for non-compliance

20. Based on this analysis, the country team selects the most appropriate course or action. The decision is made at the discretion of the country team, with guidance from the HPM Hub.

Options of course of action:
- i. Issue a warning letter (first time cases/and non-compliance level 1)
- ii. Request for reimbursement for the products procured (non-compliance level 2/or new case of non-compliance after having received a warning letter)
- iii. Use a procurement agent for those products
- iv. Use a procurement agent for all products procured with grant funds

21. With regards to any corrective measures taken, the Global Fund will make every effort to avoid the interruption of life-saving treatment.

22. Corrective measures are communicated to the PR.⁶²⁰

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⁶²⁰ All communications with PRs are routed through the country team with copy to the CCM, LFA and the HPM Hub. The HPM specialist and FPM will keep the HPM Hub informed on any decision made by the country team and any corrective actions taken.

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### Table: Non-Compliance Classification

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Non-Compliance Type</th>
<th>Classification of non-compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceuticals: ARVs, Anti TB, Anti Malarials</td>
<td>Procurement of non A, B or ERP products</td>
<td>Level 2</td>
</tr>
<tr>
<td></td>
<td>Procurement of ERP product without notification provided to the Global Fund</td>
<td>Level 1</td>
</tr>
<tr>
<td>Diagnostics</td>
<td>Procurement of HIV or malaria rapid diagnostic tests (RDTs) not compliant with Global Fund criteria (section 8 of the policy)</td>
<td>Level 2</td>
</tr>
<tr>
<td></td>
<td>Procurement of reagents not produced in ISO certified site</td>
<td>Level 2</td>
</tr>
<tr>
<td></td>
<td>Procurement of HIV, TB molecular equipment not assessed as per GF QA</td>
<td>Level 2</td>
</tr>
<tr>
<td>LLINS/ IRS</td>
<td>Non WHOPES products</td>
<td>Level 2</td>
</tr>
<tr>
<td></td>
<td>Procurement of WHOPES product without random pre-shipment Quality Control</td>
<td>Level 1</td>
</tr>
<tr>
<td>Condoms</td>
<td>Non-WHO/UNFPA approved and not produced in an ISO manufacturing site</td>
<td>Level 2</td>
</tr>
</tbody>
</table>
23. The implementation of corrective measures will be monitored by the Country Teams in collaboration with the HPM Hub.

**Communication to PRs**

24. All PRs must be informed of the quality requirements of the QA Policies and corrective measures described in this OPN.
Supplier Misconduct

Issued on: 11 June 2014

Purpose: Guidance to the Secretariat in Responding to Supplier Misconduct

OVERALL OBJECTIVES

1. The major area in which Global Fund grant resources are expended is procurement. Consequently, it is essential for the Global Fund to enforce the accountability of suppliers and grant recipients in maintaining the integrity of Global Fund-supported grant operations.

2. The Global Fund’s Code of Conduct for Suppliers (the “Supplier Code of Conduct”) describes supplier obligations in this regard and requires Suppliers to inform the Global Fund of any integrity concerns involving or affecting Global Fund resources of which they have knowledge. It also emphasizes the critical role of grant recipients in communicating and ensuring that all suppliers of goods and services to the Global Fund or to the activities it finances, including bidders, suppliers, agents, intermediaries, consultants and contractors and representatives of each of the above (each referred to herein as a “Supplier” and collectively as the “Suppliers”) comply with their obligations and in implementing immediate actions where there are cases of non-compliance. Principal Recipients must also inform the Global Fund about cases of procurement irregularities or other corruption in accordance with their grant agreements.

3. This Operational Policy Note guides the Secretariat in responding, in connection with grant implementation, to instances of non-compliance with the Supplier Code of Conduct and other events concerning suppliers that may place the resources and reputation of the Global Fund at risk. Through the application of a consistent set of procedures, the Global Fund can fairly, consistently and appropriately address any corrupt, fraudulent, collusive, anti-competitive or coercive practices involving Suppliers under Global Fund programs.

POLICY AND PRINCIPLES

Sanctionable Activities

4. The Global Fund may sanction a Supplier or its successor in order to protect the interests, resources and reputation of the Global Fund, including in situations where the Global Fund determines that the Supplier has breached the Supplier Code of Conduct.

5. Activities which constitute supplier misconduct can take many different forms. Potential circumstances that may lead to the Global Fund initiating its sanctions process, which may then result in the imposition of sanctions upon a Supplier or its successor (each a “Sanctionable Activity” or “Sanctionable Event” and collectively referred to herein as “Sanctionable Activities”), include:

   i. **Procurement Irregularities:** When the Inspector General has determined that there is credible and substantive evidence that a Supplier may have directly or indirectly breached the Global Fund Supplier Code of Conduct, including by engaging in corrupt,
fraudulent, collusive, anti-competitive or coercive practices in competing for, or performing under, a Global Fund-financed contract (“Procurement Irregularities”);

ii. **Sanctions by a Partner or Grant Recipient:** When a Supplier has engaged in misconduct which results in a sanction being imposed on a Supplier (and/or its successors) by any Global Fund partner organization, any comparable institution or by a Global Fund grant recipient for conduct which would constitute a breach of the Global Fund Supplier Code of Conduct or any other unethical or unlawful behavior;

iii. **Sanctions by a National or an International Authority:** When a Supplier has engaged in misconduct which results in an investigation, proceeding or finding, either civil, criminal or administrative, or the imposition of sanctions, by another national or international authority for conduct which would constitute a breach of the Global Fund Supplier Code of Conduct;

iv. **Breach of Contract:** When there is a significant and material breach by a Supplier of a contract between the Global Fund and a Supplier or between a grant recipient and a Supplier that in the opinion of the Global Fund places Global Fund resources at risk; and

v. **Assets at Risk:** When credible and substantive information has been received by the Global Fund from any source, including local fund agents, partner organizations and comparable institutions, which indicates that Global Fund resources have been placed at risk by a Supplier’s conduct.

**Reporting and Responding to Sanctionable Activities**

6. The Executive Director decides on the Global Fund’s response to a Sanctionable Activity based on the recommendations of the Executive Grant Management Committee (EGMC) and/or the Sanctions Panel.

7. Upon becoming aware of potential supplier misconduct in connection with Global Fund financed activities, the Country Team shall notify the Office of the Inspector General (OIG) through the relevant Grant Management Department Head.

8. If the OIG notifies the Secretariat of substantive and credible findings of supplier misconduct or in the event that another Sanctionable Activity (such as a supplier engaging in misconduct which results in a sanction being imposed on such Supplier by a partner organization or a comparable institution) has occurred, the EGMC shall be notified, through the appropriate Country Team. As part of the notification to the EGMC, the Legal and Compliance Department will confirm whether the relevant Supplier has breached the Supplier Code of Conduct or any other provision of a contract with the Global Fund or a Principal Recipient. The Country Team will also develop operational remedial measures to propose to the EGMC for approval to safeguard Global Fund resources.

9. In cases where there is an ongoing OIG investigation, operational remedial measures may be submitted to the relevant Grant Management Department Head for interim approval, as needed, or to the EGMC for approval prior to the issuance of a final OIG report. Potential operational remedial measures will vary based on the nature of the irregularities and other contextual factors, but could include procurement through the Pooled Procurement Mechanism or the institution of a Procurement and/or Fiduciary Agent.

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623 In cases where the OIG has informed the Secretariat that it has identified credible and substantive evidence of fraud, abuse, misappropriation or corruption by a Principle Recipient or a Sub-Recipient, the Country Team shall also comply with the requirements contained in GF/B18/DP23 (Nov 2008) and GF/B19/DP25 (May 2009) regarding the restrictions to be promptly implemented to address the applicable risks to the Global Fund and its resources.
10. The EGMC will consider the OIG’s conclusions and/or the nature of the Sanctionable Activity and, taking into account the criteria listed in paragraph 12 below for when the involvement of the Sanctions Panel is expected, determine whether to recommend to the Executive Director that the case be referred to the Sanctions Panel. The Executive Director will then decide whether to refer the matter to the Sanctions Panel.

Sanctions Panel

11. The Sanctions Panel advises the Executive Director on remedies for Sanctionable Activities with respect to specific cases referred by the Executive Director to the Panel. The operation of the Sanctions Panel is described in the Sanctions Panel Procedures Relating to the Code of Conduct for Suppliers (the “Sanctions Panel Procedures”), as may be amended by Global Fund executive management from time to time.

12. Based upon a recommendation of the EGMC, the Executive Director may decide to refer a case to the Sanctions Panel in any circumstance where a Supplier has, directly or indirectly, engaged in Sanctionable Activities. In particular, involvement of the Sanctions Panel is expected in the following cases:
   i. the egregious nature of the Sanctionable Activities placed a material amount of Global Fund resources at risk and/or created a significant reputational risk for the Global Fund;
   ii. the concerned entity has engaged in Sanctionable Activities and is a Supplier to Global Fund grant programs in several countries;
   iii. the Sanctionable Activities involve an entity which has previously been reviewed by the Sanctions Panel or which has previously been the subject of OIG findings of credible and substantive evidence of fraud or misconduct; and/or
   iv. the concerned entity has violated a Global Fund-led or endorsed/supported integrity pact, such as the integrity pact for long-lasting insecticide treated net suppliers.

Types of Sanctions

13. Sanctions are used for ensuring the accountability of Suppliers. Sanctions protect the integrity of the procurement process through (i) exclusion of specific actors from access to Global Fund financing (i.e., permanent or temporary/conditional debarment), and (ii) deterrence.

14. There are four principal types of sanctions available: (i) Reprimand, (ii) Conditional Continued Engagement, (iii) Debarment with Conditional Release, and (iv) Indefinite Debarment. The Executive Director will decide whether to impose a sanction on a Supplier after receiving a recommendation from the Sanctions Panel.

15. When considering the appropriate sanction to be applied, relevant considerations include: (i) the severity of the misconduct; (ii) harm caused by the misconduct; (iii) the Supplier’s level of cooperation with the investigation and sanctions process; (iv) the Supplier’s past history of misconduct; and (v) the risk of continued engagement with the Supplier. Annex 1 provides a list of factors for assessing these considerations.

Reprimand

16. A reprimand, in general, shall be used to sanction a Supplier guilty only of a relatively minor or isolated incident of insufficient oversight.
Conditional Continued Engagement

17. This sanction is generally appropriate for:
   i. Individuals/entities that were not directly involved in the misconduct, but which bear some responsibility through, for example, a systemic lack of oversight; or
   ii. Individuals/entities that have demonstrated that they have taken comprehensive corrective measures and/or that there are other mitigating factors, as outlined below, so as to justify not debarring such individuals/entities.

18. The conditions imposed may be similar to those imposed under debarment with conditional release. The Executive Director may decide that if the Supplier fails to demonstrate compliance with the conditions within an established time period, an indefinite debarment or a debarment with conditional release would automatically become effective. The EGMC will verify whether the conditions to continued engagement have been met or if circumstances suggest that a revision to the original decision regarding the sanction may be warranted.

Debarment with Conditional Release

19. Debarment with conditional release is targeted towards Suppliers, rather than individuals. The purpose of the conditional release is to mitigate further risk to Global Fund resources and eventually allow the Supplier to again have an opportunity to act as a Global Fund Supplier once appropriate remedial measures have been implemented. Accordingly, the Supplier will only be released from debarment after the Supplier has demonstrated that it has met the conditions set by the Executive Director.

20. Conditions for lifting the debarment may include, but are not limited to:
   i. implementation or improvement of a compliance and ethics program, anti-corruption training, and/or the engagement of an independent monitor;
   ii. remedial measures to address the misconduct for which the Supplier was sanctioned, including disciplinary action or termination of employee(s)/officer(s) responsible for the misconduct; and
   iii. payment of a monetary sanction commensurate with any financial harm caused by the misconduct.

21. The Executive Director decides on the conditions for release based on the recommendations from the Sanctions Panel. The EGMC will verify whether the conditions for lifting debarment have been met or if circumstances suggest that a revision to the original decision regarding the sanction may be warranted.

Indefinite Debarment

22. Indefinite debarment is generally appropriate in cases of severe misconduct where it is believed that it is unreasonable to expect that the Supplier can use remedial measures to address the cause of the misconduct and to protect against future misconduct, or when the supplier has not meaningfully cooperated with the investigation or sanctioning process.

Communicating Sanctions

23. If the Executive Director decides to impose sanctions, the decision will be communicated, with appropriate confidentiality measures, to the concerned Supplier and, if the sanctionable conduct
affects a Global Fund grant program(s), to the Principal Recipient(s) of the concerned grant(s) and, where needed to give effect to the decision, to the Country Coordinating Mechanism and other Principal Recipients in the relevant market. If the decision is connected to an on-going investigation or audit by the OIG or public disclosure of the final OIG report is restricted in accordance with the Policy for the Disclosure of Reports Issued by the Office of the Inspector General, the Inspector General shall be consulted on the decision being communicated and will retain sole discretion over any factual details which will be included in the communication with the Supplier.

24. For cases referred to the Sanctions Panel by the Executive Director, the Sanctions Panel may, in accordance with the Sanctions Panel Procedures, notify the concerned Supplier of the sanctions under considerations prior to making a recommendation to the Executive Director. Whether or not the Sanctions Panel has sent a previous communication to the concerned Supplier, the Supplier shall be notified of any decision to sanction such Supplier prior to the decision being communicated publicly by the Global Fund.

25. The confidentiality of sanctions decisions is important owing to the legal risks to the Global Fund associated with public disclosure of these decisions. Consequently, all communications on sanctions shall be undertaken in collaboration with the Legal and Compliance Department and, where relevant, the Inspector General.

26. The Global Fund may share the decision on sanctions imposed, as well as information and evidence underlying the decision, with national authorities, partners and other comparable institutions. In order to protect the confidentiality of sanctions decisions, these shall only be communicated to a third party after execution of a confidentiality agreement as required by the Inspector General or the Legal and Compliance Department.

**Monitoring Sanctions**

27. Within the Secretariat, the Grant Management Division and the Legal and Compliance Department will monitor a Supplier's compliance with conditions related to sanctions imposed by the Global Fund.

28. The Executive Director, with guidance from the EGMC, will decide whether the applicable conditions have been met and whether the sanctioned Supplier can be reinstated. In some cases, the Executive Director may also determine that additional sanctions may be necessary.

29. Reinstatement of a sanctioned Supplier or the imposition of an additional sanction period, may be considered for the following reasons:

   i. Payment of restitution in a manner determined by the Global Fund;
   ii. Changes in management or ownership, including permanent severance of officers and employees responsible for the sanctionable misconduct;
   iii. Installation, by the Supplier concerned, of effective, verifiable mechanisms to improve their business governance, ethics and oversight systems;
   iv. Adoption of ethics and anti-corruption compliance and training programs, including installing an independent monitor;
   v. Further cooperation with the OIG satisfactory to the OIG;
   vi. Initiation of administrative, civil or criminal action by the sanctioned party against the individuals responsible for the sanctionable misconduct, which is commensurate with the severity of the sanctions imposed by the Global Fund; or
   vii. Receipt by the Global Fund of any credible information that the sanctioned party engaged in further sanctionable misconduct after the imposition of sanctions by the Global Fund.
PROCESS, RESPONSIBILITIES

Process
30. Annex 2 defines the general process for identifying, reporting and reviewing supplier misconduct.

Responsibilities
31. **Country Team** notifies the OIG and Senior Management of supplier misconduct in connection with Global Fund financed activities and other types of Sanctionable Activities and recommends remedial measures.

32. **Executive Grant Management Committee** determines, based on the OIG findings and/or the Sanctionable Activities, whether to recommend to the Executive Director that he/she refer the case to the Sanctions Panel and whether any operational remedial measure is advisable.

33. **Sanctions Panel** advises the Executive Director on referred sanctions cases concerning supplier misconduct pursuant to the Sanction Panel Procedures.

34. **Executive Director** refers cases to the Sanctions Panel and makes a final determination as to whether to impose a sanction on a Supplier. These decisions are informed by the recommendations of the EGMC and the Sanctions Panel.
Annex 1. List of Considerations for Determining Sanctions

Severity of Misconduct

35. Severity may be measured through considerations including the following:
   i. Did the misconduct place a material amount of Global Fund resources at risk?
   ii. Is it a repeated pattern of conduct?
   iii. How sophisticated was the scheme? This includes the complexity of the misconduct (e.g.,
        degree of planning, diversity of techniques applied, level of concealment); whether the scheme
        was developed or lasted over a long period of time; and if the misconduct spanned grant
        programs in more than one country.
   iv. Did management have a role in the misconduct? Have individuals within high-level personnel
       of the organization participated in, condoned, or willfully ignored the misconduct?
   v. Did the misconduct involve a Global Fund or government official?

Harm Caused by the Misconduct

36. Harm may be measured through considerations including the following:
   i. Did the misconduct create a danger to public health/welfare?
   ii. Did the misconduct result in the waste/inefficient use of grant funds?
   iii. Did the misconduct involve corruption?
   iv. Did the misconduct cause harm to any third parties?
   vi. Did the misconduct create a significant reputational risk for the Global Fund?

Voluntary Corrective Actions

37. In evaluating corrective actions, the timing of the action may indicate the degree to which it
   reflects genuine intention to reform, or a calculated step to reduce the severity of the sentence.
   Considerations may include:
   i. Did the Supplier voluntarily disclose the misconduct to the Global Fund?
   ii. Did the Supplier initiate any reforms voluntarily upon becoming aware of the misconduct?
   iii. Did the Supplier initiate an internal action against responsible individual(s)?
   iv. Did the Supplier voluntarily establish or improve a corporate compliance program?

Cooperation with the Investigation

38. Cooperation may be measured through considerations including the following:
   i. Has the OIG concluded that the Supplier provided substantial assistance in the investigation,
      including voluntary disclosure, truthfulness, completeness, reliability of any information or
      testimony, the nature and extent of the assistance, and the timeliness of assistance?
   ii. Did the Supplier’s actions indicate intent to interfere with the investigation, including through
       destroying or concealing evidence; making false statements to investigators or reviewers;
       threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of
       matters relevant to the investigation; or attempting to corrupt individuals in exchange for non-
       cooperation with the investigation?
Prior History of Misconduct

39. Prior history can include debarments or other sanctions applied by the Global Fund and/or other development partners.
### Annex 2. Sanctions Process

#### Scenario 1: Procurement Irregularities

<table>
<thead>
<tr>
<th>Seq. No</th>
<th>Actors</th>
<th>Process Description</th>
<th>Output</th>
<th>Relevant Links</th>
</tr>
</thead>
</table>
| 1       | CT     | As soon as informed of potential misconduct involving a Supplier, the Country Team notifies the OIG and, if needed, recommends operational remedial measures to the relevant Grant Management Department Head or to the EGMC.  
**Control Point:** Notification to OIG shall be through the relevant Department Head, Grant Management. | Notification to OIG Recommendation for Operational Remedial Measures to the relevant Grant Management Department Head or the EGMC |
| 2       | OIG    | Inspector General decides on actions to take on reported supplier misconduct and informs Country Team accordingly. |  |
| 3       | OIG    | If investigation is decided, OIG proceeds and informs the Country Team of results. |  |
| 4       | CT     | If the OIG notifies the Secretariat of substantive and credible findings of supplier misconduct, the issue shall be reported to the EGMC, through the Country Team. The Country Team shall also ensure that it complies with GF/B18/DP23 (Nov 2008) and GF/B19/DP 25 (May 2009) regarding placing restrictions on activities with PRs and SRs for which the OIG has identified credible and substantive evidence of fraud, abuse, misappropriation or corruption. In certain cases where implementation arrangements must be continued with the entity being investigated despite the OIG notification, compliance with these decision points includes seeking the approval of the Executive Director. The Country Team shall draft a memo, in consultation with the OIG, containing the following information:  
i. the Supplier and the nature of the misconduct;  
ii. the relevant supporting evidence and information, including any investigative findings and conclusions relating to the Supplier;  
iii. actual or potential damages or loss to the Global Fund or the Global Fund’s grant recipients (whether financial or otherwise);  
iv. any aggravating or mitigating factors, including, for example, whether the Supplier has cooperated with the audit or investigation, or with any other matter under review by the Inspector General, and the extent to which the cooperation has been material and useful to the Inspector General;  
v. any relevant information that would reasonably tend to mitigate the culpability of the Supplier; and | Memorandum to EGMC |
vi. the Country Team’s recommendation on the appropriate remedial measures, taking into consideration the factors described above.

**Control Point:**
Memo shall be reviewed and approved by Grant Management Division Head (through channels).

### EGMC and/or Sanctions Panel Review

<table>
<thead>
<tr>
<th>No.</th>
<th>Role/Group</th>
<th>Action</th>
<th>Approval/Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>EGMC</td>
<td>Review and discuss supplier misconduct and may decide to: i. impose operational remedial measures; and/or ii. recommend to the Executive Director that he/she refer the case to the Sanctions Panel.</td>
<td>Decision regarding operational remedial measures and Sanctions Panel Referral</td>
</tr>
<tr>
<td>6</td>
<td>Executive Director</td>
<td>Based on the EGMC recommendation, may refer case to the Sanctions Panel.</td>
<td>Referral to Sanctions Panel</td>
</tr>
<tr>
<td>7</td>
<td>Sanctions Panel</td>
<td>Based on request from the Executive Director, reviews the Sanctionable Activities case, including the report from the Executive Director, and formulates a recommendation to the Executive Director regarding possible sanctions.</td>
<td>Recommendation to the Executive Director</td>
</tr>
<tr>
<td>8</td>
<td>Executive Director</td>
<td>Decides on the sanctions, if any, to be imposed on the Supplier.</td>
<td>Sanction Decisions</td>
</tr>
</tbody>
</table>

### Communicate Sanctions

<table>
<thead>
<tr>
<th>No.</th>
<th>Role/Group</th>
<th>Action</th>
<th>Approval/Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Sanctions Panel, Legal and Compliance Department, and Inspector General</td>
<td>Where appropriate, the Sanctions Panel, in consultation with the Legal and Compliance Department and, where relevant, the Inspector General, may notify the Supplier of the sanctions under consideration.</td>
<td>Notification to Supplier</td>
</tr>
<tr>
<td>10</td>
<td>CT, Legal and Compliance Department, and Inspector General</td>
<td>Drafts communications to the Supplier and relevant PR (if a grant is affected). The notice to the Supplier shall include: i. a description of the sanctions imposed; ii. the period of any applicable sanctions; and iii. a summary of the reasons for the decisions.</td>
<td>Draft Notification to Supplier and, if applicable, the Principal Recipient for Executive Director Approval</td>
</tr>
<tr>
<td>11</td>
<td>Executive Director</td>
<td>Signs the official communication to the Supplier and PR (if relevant)</td>
<td>Final Notification to Supplier and PR (if relevant)</td>
</tr>
</tbody>
</table>

### Monitoring of Sanctions

<table>
<thead>
<tr>
<th>No.</th>
<th>Role/Group</th>
<th>Action</th>
<th>Approval/Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>CT and Legal and Compliance Department</td>
<td>The relevant internal departments will monitor the Supplier's compliance, in consultation with the Legal and Compliance Department, with conditions to continued engagement or conditions for lifting a debarment and periodically advise executive management on the Supplier’s progress.</td>
<td>Updates to Executive Management on Sanctions Monitoring</td>
</tr>
</tbody>
</table>
EGMC will verify whether conditions to continued engagement or for lifting a debarment have been met by a Supplier.

If sanctions have been imposed for a specific period of time, with no additional conditions, the sanctions shall be lifted automatically upon the expiry of such period.

EGMC will also advise the Executive Director in circumstances where an additional sanction period or a change to a decision regarding sanctions may be warranted.

| 13 | EGMC | EGMC will verify whether conditions to continued engagement or for lifting a debarment have been met by a Supplier. If sanctions have been imposed for a specific period of time, with no additional conditions, the sanctions shall be lifted automatically upon the expiry of such period. EGMC will also advise the Executive Director in circumstances where an additional sanction period or a change to a decision regarding sanctions may be warranted. | Verification of Condition Completion or Recommendation of Additional or Revised Sanctions |
| 14 | Executive Director | Once EGMC has verified that any applicable conditions have been met, the Executive Director will confirm to the Supplier, and if applicable, the relevant PR, that the Global Fund is satisfied that the conditions have been met. | Notification to Supplier and PR (if relevant) |
### Scenario 2: Other Sanctionable Activities (Sanctions by Partners, International Organizations, National or International Authorities and Breach of Contract)

<table>
<thead>
<tr>
<th>Seq. No</th>
<th>Actors</th>
<th>Process Description</th>
<th>Output</th>
<th>Relevant Links</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td><strong>Country Team reports on Sanctionable Activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>CT</td>
<td>As soon as informed of a potential Sanctionable Activity, the Country Team shall inform the Executive Grant Management Committee. The Country Team shall draft a memo containing the following information: i. the Supplier and the nature of the misconduct; ii. the relevant supporting evidence and information, including any known investigative findings and conclusions relating to the Supplier; iii. potential impact on the Global Fund or the Global Fund’s grant recipients (whether financial or otherwise); iv. any aggravating or mitigating factors known; v. any relevant information that would reasonably tend to mitigate the culpability of the Supplier; and vi. the Country Team’s recommendation on the appropriate remedial measures, if any, taking into consideration the factors described above.</td>
<td>Memorandum to EGMC</td>
<td></td>
</tr>
</tbody>
</table>

**Control Point:** Memorandum shall be reviewed and approved by Grant Management Division Head (through channels).

|        |        | **EGMC and/or Sanctions Panel Review** |        |                |
|        |        | The EGMC and/or Sanction Panel Review follows steps 5-8 under Scenario 1 above. |        |                |

|        |        | **Communicate Sanctions** |        |                |
|        |        | The process for communicating the decision regarding sanctions follows steps 9-11 under Scenario 1 above. |        |                |

|        |        | **Monitoring of Sanctions** |        |                |
|        |        | The process for monitoring the implementation of the sanction decision and where applicable, lifting the sanctions, follows steps 12-14 under Scenario 1 above. |        |                |
Risk Management across the Grant Lifecycle

Issued on:       June 2018
Issued by:       Risk Department
Approved by:     Executive Grant Management Committee

OVERALL OBJECTIVES
1. The Global Fund recognizes that a preventive, focused risk management approach is critical for optimal achievement of the Global Fund’s mission of saving lives. Robust risk management occurs where risks are explicitly considered and decisions are taken consistently per agreed-upon principles. At the same time, it is incumbent on the Global Fund to ensure that the risks encountered in pursuing the Global Fund’s mission to maximize impact and end the three diseases is balanced with the mitigating actions taken and controls put in place to protect grant program resources.

2. Risk management is an integral part of grant management, both at country and Secretariat levels. While risk management initiatives by in-country stakeholders and implementers have significant impact on grant outcomes, the OPN focuses on the risk management framework internal to the Global Fund Secretariat. Country Teams engage implementers on an ongoing basis to facilitate that the outcomes from risk management activities by different stakeholders are aligned, prioritized and translated into mutually complementary actions.

3. Seamlessly embedding risk management into Global Fund culture, strategic planning, decision-making and resource allocation is critical for effective and efficient grant management and to the organization’s achievement of operational and strategic objectives. Effectively embedded risk management throughout the full grant lifecycle will:
   a. promote an environment in which Country Teams are responsible and empowered to manage risk and have a consistent understanding of the principles by which the Global Fund differentiates its approach to risk management;
   b. enable Country Teams to identify and prioritize risks;
   c. empower and encourage Country Teams to escalate identified risks when necessary; and
   d. foster management support to debate and make critical risk-based decisions.

4. The purpose of this OPN is to:
   • define the risk management framework;
   • provide guidance to Country Teams on how to operationalize risk management across the grant lifecycle; and,
   • articulate how the Risk Department and Global Risk Owners provide risk oversight to help achieve optimal outcomes at the grant and portfolio level.
POLICY AND PRINCIPLES

Principles

5. The following principles underpin the embedding of risk management throughout the grant lifecycle. Country Teams must take into account these principles when managing grants and making decisions:

**Principle 1 – Updating and maintaining grant specific risks:** Country Teams managing High Impact and Core portfolios are responsible for updating risk assessments for their portfolios on an ongoing basis as information becomes available. Teams managing Focused portfolios will review and update risks on an annual basis as part of the Annual Funding Decision process and document financial risks on an ongoing basis in the Financial Risk and Assurance Matrix.

**Principle 2 – Prioritizing portfolio-level risks:** Risk prioritization is based on country context and grant objectives, taking into account trade-offs between achieving grant objectives and accepting risk in the four main risk categories, i.e. Programmatic and M&E, Financial & Fiduciary, Health Product Management & Supply Chain, and Governance, Oversight & Management. This ensures that both the Country Team and implementers are focused on mission critical risks with appropriate and effective mitigating actions. Key grant risks which will be prioritized will cascade upwards to form prioritized portfolio-level risks.

**Principle 3 – Mitigating risk and planning comprehensive assurance:** All prioritized root causes must have mitigating actions aimed at managing the associated risk with the view of reaching a target risk level. The types of mitigating actions, and the degree to which risks are mitigated, should be driven by the target risk level and a defined period of time required to reach the target level. Assurance activities will verify whether controls and mitigating actions for key portfolio risks are executed as planned and whether they are effective in reducing risks to the target level. Proper assurance will facilitate the identification of gaps in implementer controls and weaknesses in the design and implementation of mitigating activities.

**Principle 4 - Accepting risk when necessary:** Defining the amount and type of risk the Global Fund is willing to accept in pursuit of its strategic objectives namely to achieve health outcomes and impact is critical for effective risk management, in particular to drive trade-off decisions and enable resource allocation. The degree to which residual risk is deemed acceptable by the Portfolio Performance Committee for High Impact and Core countries will guide Country Teams in determining the extent of mitigating actions and assurance activities to put in place against prioritized risks.

**Principle 5 – Alignment of portfolio and strategic risks:** Key thematic organizational risks that can have significant influence on the achievement of grant objectives are captured in the Organizational Risk Register. Country Teams, supported by other departments (particularly the Risk Department

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624 Controls are generally designed into grant programs (e.g., segregation of duties intended to prevent fraud and error), where mitigation actions reduce the level of identified risk (e.g., strengthening logistic management information systems).
and Global Risk Owners\(^{525}\)), should align their approach to mitigating and assuring risks in their portfolios with the organization’s Risk Management Framework described in the section below, to ensure grant implementation supports the Global Fund’s strategic objectives.

**The Risk Management Framework**

6. Risk management is an ongoing process with built-in feedback loops to allow for timely adjustments to the level of risk and the corresponding mitigating actions. The framework below governs this process:

*Figure 3. Risk and assurance planning process.*

\(^{525}\) See section on the “Role of Risk Department and Global Risk Owners” for details on the Global Risk Owners.
7. Risk Identification. Grant-specific risks, as well as corresponding controls and mitigating actions, are identified, prioritized, and monitored by Country Teams in High Impact and Core portfolios throughout the grant lifecycle (from country dialogue to closure), using the Integrated Risk Management (IRM) Module in the Grant Operating System (GOS).

8. Identified risks are categorized in four areas:
   (1) Programmatic and M&E Risks;
   (2) Financial & Fiduciary Risks;
   (3) Health Product Management & Supply Chain Risks; and
   (4) Governance, Oversight & Management Risks.

These four Risk Categories are broken down into eight grant-specific Organisational Risks, reflected in the Organizational Risk Register, and then to the 21 individual risks included in the IRM.

9. Capacity Assessment. A capacity assessment is required for:
   (1) all new Principal Recipients (PR) who have not previously implemented the disease component, and
   (2) existing PRs who will be implementing new activities for which their capacity has not been previously assessed (e.g. a PR previously implemented LLIN campaigns and will now also implement case management activities).

Examples of the second scenario include:
- Changes in program scope, including for activities the PR has not previously been assessed for (i.e. community outreach, BCC activities, etc.).
- PRs with specific experience in one disease being selected to manage a disease component where they have not yet evidenced expertise.

626 As from May 2018, the IRM has replaced the QUART and CAT tools.
• PRs with no or limited past experience in specific activities (i.e. procurement of non-health products) being tasked to take over such tasks.

10. Outside of the two mandatory situations described above, a Country Team may also conduct a capacity assessment for an existing PR if necessary to manage risks. The following are examples of potential triggers for conducting a capacity assessment of an existing PR:
• Material changes in scale of the program (e.g., expanding from 2 states to 10 states)
• PRs with grants that have been consistently performing at B2 or C level.
• Evidence that the PR’s capacity has significantly changed since the last capacity assessment.

11. In situations where the above potential triggers are present (or other relevant triggers), Country Teams, in consultation with their Risk Specialist, determine if a capacity assessment will be conducted and document the outcome of the decision.

12. If a Capacity Assessment is completed in the context of a process requiring GAC approval (e.g. new grant approval or material reprogramming requiring GAC approval), the outcome of the assessment is submitted to GAC as part of the GAC approval process. If Country Teams, in consultation with their RM/DH/RPM and Risk Specialist, determine a capacity assessment will not be undertaken, the rationale for this decision is submitted to GAC for information as part of its review of standard grant documentation.

13. **On-going Risk Assessment for High Impact and Core Portfolios.** Country Teams follow a standardized methodology to determine a grant’s overall risk rating within a structured risk assessment process using likelihood and severity of 21 pre-defined risks within the four risk categories described above. Risk Assessments are completed at the grant level and maintained up to date as information becomes available to Country Teams in High Impact and Core portfolios throughout the grant lifecycle, from Funding Request to Grant Closure (e.g., as progress reports, audit reports, Health Facility Assessments, mission reports, etc., become available to Country Teams, they will update their Risk Assessment as required to reflect an up-to-date risk profile). Each grant’s risk assessment in High Impact and Core portfolios should be updated as mitigating actions or assurance activities are completed or revised; when a new risk or root cause is identified; when risk levels or implementation arrangements shift; or whenever the Country Teams recognize an important change in the grant risk profile.

14. **Risk Assessments for Focused Portfolios.** FPMs managing Focused portfolios complete Risk Assessments at the grant level as part of the annual funding decision-making process. The Portfolio Services Team (PST) supporting financial analysis within Focused portfolios follow a standardized methodology to determine a grant’s financial risk ratings for the six risks within the Finance and Fiduciary Risk Category.

15. **Risk Prioritization.** Prioritization ensures that both the Country Teams and implementers are focused on mission critical risks. From the grant specific risks captured in their risk assessment, Country Teams further flag risks at the grant level that represent a key risk at the portfolio level. Key Portfolio Risks are those that cut across multiple grants or may be a critical, grant-specific risk that has the potential to prevent the program from achieving key objectives. Risks identified as Key Portfolio Risks in High Impact and Core portfolios are documented in a Key Risk and Assurance Matrix (KRM).  

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627 Risk Specialist only consulted for High Impact and Core portfolios. In case of disagreement, the issue is escalated to the next management level in accordance with the process outlined in the **Guidance on Country Team Approach**.

628 When a Capacity Assessment is submitted, the Country Team must state whether the PR has the capacity to implement the program or not and document the rationale for their decision. This is recorded as a PDF and automatically saved to the Document Management tab within the IRM module. The Country Team can upload this PDF.

629 The Country Team must record whether a Capacity Assessment will be completed for the PR that will implement the program for each new Implementation Period in the Capacity Assessment section of the IRM. This is recorded as a PDF and automatically saved to the Document Management tab within the IRM module. The Country Team can upload this PDF with their other GAC required documents.

630 Focus countries are not required to develop a KRM.
Risk Mitigation

16. All root causes identified for risks must have mitigating actions (or “mitigants”) to manage the risks to an acceptable level. A mitigating action must meet the five S.M.A.R.T. criteria; i) Specific, so what must be implemented is clearly understood, ii) Measurable, so its status can be tracked, iii) Attainable, within the span of control of the actor to which it is assigned to, iv) Relevant to the identified risk, and v) Time-bound to ensure exposure to the risk is within agreed limits.

17. In cases where mitigating actions have due dates of more than six months, sub-milestones are recommended to be included as part of the mitigating actions to ensure the mitigant is on track to being completed on time and to an acceptable level.

18. The degree to which risks are mitigated should be driven by the trade-off decisions made at the Portfolio Performance Committee in the context of a portfolio/grant, considering the entire set of risks that can prevent achievement of grant and portfolio objectives. The types of mitigating actions and the degree to which risks are mitigated should be driven by the existing and target risk levels and defined periods of time which are given to reach these target levels.

Assurance and Monitoring

19. Assurance planning is at the heart of robust risk management, providing confidence to the Global Fund, donors, technical partners, and beneficiaries that investments are made strategically, efficiently and effectively. In the Global Fund risk management context, assurance is defined as a holistic framework that gauges whether adequate controls and mitigating actions are in place to manage key portfolio risks, with the ultimate goal of achieving grant objectives. Assurance activities help identify gaps in controls and mitigating actions in a timely manner to ensure corrective action can be taken.

20. **Comprehensive Assurance Planning for High Impact and Core Portfolios.** The assurance planning process starts with the Key Portfolio Risks identified by the Country Team. Assurance activities and providers are added for the mitigants linked to those Key Portfolio Risks in a grant’s risk assessment and are documented in the Key Risk and Assurance Matrix. Comprehensive portfolio-level assurance planning is required for High Impact and Core countries on an annual basis and is documented in the KRM. For comprehensive guidance on assurance planning, please refer to the Risk and Assurance Handbook.

21. The annual updates of KRM for High Impact and Core portfolios should be completed prior to the annual LFA budgeting exercise, in as much as an LFA’s scope of work will be directly informed by activities assigned to it within the assurance plan. Costed activities by other assurance providers will also be approved as part of the grant budgeting process during grant making.

22. The annual update is reviewed and approved by the Regional Manager (for Core portfolios) or Department Head (for High Impact portfolios), Regional Finance Manager, and relevant Risk Specialist. When a portfolio has been selected for review by the Portfolio Performance Committee (“PPC”), the review is required after the KRM has been validated by the Global Risk Owners,
Disease Advisors and CRG as part of Key Issues meeting of the PPC process.\textsuperscript{631} Once signed-off, the KRM is submitted for review to the PPC as described in the PPC ToRs.\textsuperscript{632}

23. **In-Country Consultation.** An in-country consultation on the resulting assurance plan captured in the KRM for High Impact and Core portfolio shall be undertaken jointly by the Country Team and Risk Specialist with country-based implementers, partners, beneficiaries and other stakeholders once per Implementation period. This exercise is designed to (1) ensure country context is accounted for, and (2) align partners and implementers around an agreed set of prioritized risks, mitigating actions and assurance activities. This consultation when undertaken shall be done before the approval of the KRM.

24. **Financial Risk and Assurance Plans.** Financial assurance planning is performed for individual grants in all portfolios\textsuperscript{633}, unless subject to exemptions as defined in Annex 2 of the *Guidelines for Financial Assurance Planning on Global Fund Grants*. Based on the information in the IRM, grant-specific financial assurance plans can be extracted from the standard grant risk assessment and are approved in accordance with the *Guidelines for Financial Assurance Planning on Global Fund Grants*.

25. **Monitoring.** Given the importance of assurance activities in determining the effectiveness of mitigation actions, there are a number of ways in which effective monitoring of progress made on implementing mitigating actions and assurance activities will be carried out throughout the grant lifecycle, including but not limited to:
   a. LFA and Country Team review through the Progress Update report
   b. Annual review, update and approval of the KRM
   c. Risk Specialist review of the Annual Funding Decision
   d. Ongoing Risk Specialist review of grant specific risk management plan
   e. Periodic in-country review, update and validation of the KRM

**Reporting**

26. Risk data at the grant level will be available through GOS to aggregate and report at the grant, disease, country, regional and global levels. Such analyses are also incorporated in the Organizational Risk Register and escalated to the Enterprise Risk Committee (ERC), as needed. The Risk Department’s independent analyses are derived from its risk oversight function and contribute to the Chief Risk Officer’s (CRO’s) Annual Assurance Opinion to the Board and Committees.

**Differentiated Requirements**

27. The approach and requirements for risk management are determined according to the differentiation framework (see the Overview of Grant Implementation for details on how risks are considered in portfolio categorization). A general framework has been developed (Table 1) to guide the risk management actions that Country Teams are required to undertake in each category.

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\textsuperscript{631} The Key Issues Meeting is a preparation meeting before the PPC and is co-chaired by the Head of Country Risk Management and the GMD Department Head/Regional Manager of the portfolio being reviewed. It is an opportunity to have an open and in-depth conversation to refine articulation of the issues, risks and potential ‘asks’ to the PPC, as well as identify any changes required to supporting data & analyses based on the feedback of various experts, including the Global Risk Owners.

\textsuperscript{632} An approval process for the Key Risk and Assurance Matrix will be implemented in IRM as part of AIM Phase 2. Until such time as this is deployed, the approval process will be documented via email. The email approvals will be uploaded in the Document Management tab of IRM.

\textsuperscript{633} Financial Risk and Assurance Plan are generated from the Integrated Risk Management (IRM) module on GOS. There is no duplication of effort in documenting or tracking financial risks.
Table 1: Differentiated risk management approaches and requirements

<table>
<thead>
<tr>
<th>Portfolio Differentiation Category</th>
<th>Risk Management Approach</th>
<th>Assurance Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Risk identification, prioritization and mitigation</td>
<td>Key Risk and Assurance Matrix (KRM) plan not required.</td>
</tr>
<tr>
<td>Focused Portfolio</td>
<td>Country Teams managing Focused portfolio are not required to complete the Risk Tracker in IRM, but may choose to use it to document critical risks if helpful. Grant-level risks will be documented in the Annual Funding decision through section 4.2 of the ADMF. Focused portfolios are also required to complete Capacity Assessments as per the requirements documented in paragraph 8.</td>
<td>Financial assurance plans are completed annually by the FPMs with the input of the Finance Specialist in the Portfolio Services Team (PST) and LFA, which feeds into the LFA budget exercise.</td>
</tr>
<tr>
<td>High Impact and Core Portfolios</td>
<td>Risk analysis conducted at individual risk level on an ongoing basis.</td>
<td>Key Risk and Assurance Matrix (KRM) plan updated on an ongoing basis. Reviewed and approved annually by the Regional Manager, Regional Finance Manager, relevant Risk Specialist; feeds into the LFA budget exercise.</td>
</tr>
</tbody>
</table>

Governance over Risk Management

28. **Enterprise Risk Committee.** The Risk Department leads enterprise level risk management and carries out the governance and reporting functions over risk management. The Enterprise Risk Committee (ERC) is a forum for senior management to proactively identify and prioritize key organizational risks, assure the quality, strength and feasibility of associated mitigation actions, and to ensure that appropriate assurances are applied (see ERC ToRs for additional information).

29. **Portfolio Performance Committee.** Considering program performance, progress towards impact and contextual factors, the Portfolio Performance Committee (PPC) reviews country portfolios to ensure that risks have been prioritized correctly, that mitigating actions for key portfolio risks are appropriate, that short-term mitigations have been considered where needed, all with explicit attention to risk acceptance when necessary.

30. High Impact and Core portfolios will in principle be reviewed at least once during a funding cycle, unless otherwise determined by the PPC. Focused portfolios will be reviewed as determined by the PPC. The selection of portfolios to be reviewed by the PPC each year will be informed by semi-annual enterprise reviews to be conducted by the PPC, which will evaluate performance across all portfolios and identify key gaps and opportunities for maximizing impact. PPC also will review relevant CoE (Challenging Operating Environments) exceptions, the related risk exposures and the mitigation measures, as needed.

31. The PPC reports grant related risk management trends to the ERC, as needed (see PPC ToRs for additional information). The PPC will escalate to the ERC risks identified across multiple country

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634 As part of AIM Phase 2, the Risk Tracker will be simplified for use by Focus countries. Until such time as this is deployed, Focus countries are recommended to use the Risk Tracker in its current form, but it is not required.

635 See the Guidelines for Financial Assurance Planning on Global Fund Grants for additional information and possible exemptions.
portfolios that should inform enterprise-wide risk discussions and resulting policy and enterprise mitigation actions.

32. **Risk Acceptance.** Management’s acceptance of selected risks in portfolios is one of the key outcomes of a PPC review. There are three scenarios where risk can be accepted by management:
   a. Situations where it is difficult for the Global Fund to influence identified risks through effective short or long-term mitigating actions. Management accepts the risks, giving due consideration to the organization’s mission in these contexts (e.g., risk mitigations in countries with long-term conflicts);
   b. While ideal mitigations are long-term, there are temporary short-term mitigations that can be instituted that reduce the near term risk to an acceptable level (e.g., use of fiscal agents when internal controls are weak while capacity building happens over the long-term);
   c. Effective long-term mitigations exist; however, no suitable short-term mitigations are available. Therefore, management accepts the risks for the time being while the long-term mitigations are being implemented (e.g., data quality risks arising from inadequate general health systems capacity).

Overall, the acceptance of a risk is contingent upon the trade-offs involved and the implementation and success of agreed upon mitigation actions and/or controls.

33. Management’s decision to classify certain portfolios as Focused constitutes their acceptance of the residual risks in those portfolios, and associated trade-offs on internal processes and resourcing; including for exemption from some requirements as provided for in this OPN.

**OPERATIONAL GUIDANCE ON RISK MANAGEMENT ACROSS THE GRANT LIFECYCLE**

34. This section outlines the critical milestones across the grant lifecycle where risk analysis feeds directly into grant decision-making processes. While these are standard milestones, there will also be specific issues that arise in the course of the grant lifecycle that will require the use of risk analysis, thus underscoring the principle of updating the Risk Tracker and ensuring appropriate actions are taken in a timely manner on an ongoing basis.

35. Table 2 below summarizes what is required at each stage of the grant lifecycle. Following the table are the details for each of these milestones.
Table 2: Grant lifecycle milestones and use of risk analysis

<table>
<thead>
<tr>
<th>Assessment Milestone</th>
<th>Role of Country Team for All Portfolios</th>
<th>Role of Risk Department for HI and Core Portfolios</th>
<th>Role of Global Risk Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Request Development</td>
<td>Identifies and shares the key disease-relevant risks/issues with the applicant</td>
<td>Reviews and contributes to key disease-relevant risks/issues shared with applicant, if applicable</td>
<td>Guides the Country Teams as needed</td>
</tr>
<tr>
<td>Secretariat Briefing Note</td>
<td>Comments on adequacy of proposed actions to address key disease-relevant risks/issues</td>
<td>Reviews and contributes to analysis of the adequacy of the proposed actions to address key disease-relevant risks/issues</td>
<td>Guides the Country Teams as needed</td>
</tr>
<tr>
<td>GAC Review: Grant making Final Review and Sign-off Form</td>
<td>Proposes strategy to address key residual risks during grant making, escalates issues (as needed) and describes residual risk and actions included to mitigate the risks to an acceptable level</td>
<td>Reviews risk section of the form and related grant documents on a “no objection” basis within 48 hours of receipt of the form</td>
<td>Guides the Country Teams and provides sign-off for high risk and complex cases as determined by Regional Manager / Department Head &amp; Regional Finance Manager</td>
</tr>
<tr>
<td>Annual Funding Decisions</td>
<td>Includes rating and description of each risk category in the AFD and demonstrates how residual risks are adequately mitigated to safeguard the funds being disbursed.</td>
<td>Reviews risk section of the AFD on a “no objection” basis within 48 hours of receipt of the ADMF</td>
<td>Guides the Country Team as required</td>
</tr>
<tr>
<td>Grant Revisions (Material program revisions and extensions only)</td>
<td>Includes risk analysis and description of each risk category in approval documentation and</td>
<td>Reviews and contributes to risk analysis included for material program revisions and extensions requiring</td>
<td>Guides the Country Team as needed</td>
</tr>
</tbody>
</table>

636 The access to funding application package may be further differentiated based on various review categories and these requirements may be changed accordingly.

637 The Risk Department does not review or provide input for Focused countries.
demonstrates how residual risks are adequately mitigated for the grant revision (program revision and extension) activities.

**Access to Funding (A2F) and Grant Making**

**36. Funding request:** Country Teams for all portfolios are required to provide applicants with the Secretariat’s view of key component-relevant risks to facilitate the development of the Funding Request. For High Impact and Core countries, this summary can be generated as an extract from the IRM and should be shared with applicants at the beginning of the country dialogue process. The applicant will then be required to describe how it will directly address these risks when submitting its Funding Request.

**37. Secretariat Briefing Note (SBN).** In line with Access to Funding principles of differentiation, for a country undergoing a full or tailored review, once a funding request is received by the Secretariat, the Country Team provides its analysis to the TRP and, when applicable, the GAC in the SBN. An essential component of the SBN is the Country Team’s analysis of the applicant’s proposed actions to address key component-relevant risks identified during Country Dialogue. The Country Team’s analysis in High Impact and Core portfolio shall also include an extract from the Risk Tracker of any residual risks that remain unmitigated and their proposed actions for grant making.

**38.** As part of finalizing the SBN review for TRP submission for High Impact and Core portfolios, the relevant Risk Specialist and Country Team will agree on a *Grant Making Risk Assessment* that summarizes risk management actions that should be completed during grant making; progress against actions in the *Grant Making Risk Assessment* is the basis upon which the Risk Specialist assesses the status of residual risks and provides non-objection to the Grant Making Final Review and Sign-off Form (see section on “After grant making” for additional details).

**39. Grant making.** In line with the GAC Terms of Reference, as needed, the GAC Review will provide guidance on the risks or control issues that must be addressed during grant making, particularly those that may have budgetary implications. During grant making, Country Teams shall work with implementers to ensure that critical risks to the achievement of grant objectives are addressed to the extent possible, and that appropriate controls and mitigating actions are put in place for residual risks that cannot be addressed within the grant making period. Country Teams for High Impact and Core portfolios will update their risk assessment as risks are either identified or addressed throughout the grant making process.

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*Fiduciary and programmatic risk is a consideration for application and review modalities of funding requests in line with Access to Funding Core Guiding Principles for Differentiation (GF/SC01/DP03). For more detailed guidance and context, please refer to the OPN on Access to Funding and Grant Making. Fiduciary and programmatic risk is a consideration for application and review of funding requests.*

*Focused portfolios are not required to share the key component-relevant risks with the applicant as part of country dialogue.*
40. **After grant making**: At the end of grant making, the residual risks and their mitigating actions (including associated assurance activities where known) shall be documented in the grant making Final Review and Sign-off Form and presented to GAC. In line with the GAC Terms of Reference, (see the GAC ToRs) an element of the GAC review and approval of the grant is the acceptance of the residual risks and the mitigation strategy to be actioned during grant implementation.

41. For High Impact and Core countries, the Risk Specialist will continue to engage with the Country Teams on an ongoing basis and will review the risk section of the grant making Final Review and Sign-off Form and associated grant documentation on a “no objection” basis within 48 hours of receipt of form to ensure that:

   a. all key risks related to grant objectives have been identified and appropriately prioritized;
   b. mitigation measures are adequate to manage the risks at an acceptable level; and
   c. appropriate assurance mechanisms are identified (to the extent possible based on known implementation arrangements at the time of GAC review).

If the Risk Department does not raise an objection within 48 hours, their agreement with the risk analysis is assumed. If an objection is raised, the issue is escalated to the next management level in accordance with the process outlined in the *Guidance on Country Team Approach*.

**Grant Implementation**

42. **Annual Funding Decisions (AFD)**. Following GAC and Board approval of a grant, the critical grant decisions are made when determining the annual funding amounts and disbursement schedule. This is an opportunity to take stock of the status of prioritized risks and the effectiveness of mitigants put in place to address them based on the outcomes of assurance activities. Annual Funding Decisions represent critical points to ensure that any new or amended mitigating actions, as a result of changes to the risk management plan, are fully funded and that appropriate mitigants and controls are in place to safeguard funds being disbursed.

43. Country Teams shall select which risks and mitigating actions from their grant’s risk assessment to include in the Annual Funding Decision-Making Form (ADMF) based on the risks’ relevance to the activities being funded. This information shall form a critical part of the final decision on the funding amount approved, and if any additional actions/safeguards need to be put in place to safeguard the funding.

Country Teams and Risk Specialists are expected to collaborate on an ongoing basis throughout the grant lifecycle so that issues or differences of opinion are identified early in the process and resolved. In preparing the annual funding decision, Country Teams for High Impact and Core portfolios should engage Risk Specialists in the review of management issues and risks. Before the ADMF is submitted for the formal approval process, the Risk Department Focal Point will review the risk analysis to ensure that:

   a. all risks related to key grant objectives relevant to the activities being funded have been identified and appropriately prioritized;
   b. mitigation measures are adequate to manage the risks at an acceptable level; and
   c. appropriate assurance mechanisms are identified.

If the Risk Specialist does not raise an objection within 48 hours of receipt of the ADMF, their agreement with the risk analysis is assumed. If an objection is raised and not resolved in a timely manner, the issue is escalated to the next management level in accordance with the process outlined in the *Guidance on Country Team Approach*.

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640 To the extent possible in 2016-17, depending on whether countries have completed assurance planning by the time of the annual funding decision is processed.
44. In addition, the Performance Letter sent to the implementer shall include (at a minimum) the list of prioritized risks, mitigating actions and assurance activities relevant to the implementer.641

45. **Grant Revisions.** Grant Revision requests are opportunities to assess progress to manage key component-relevant risks during grant implementation and determine if programmatic and budgetary adjustments are needed to support new or amended mitigating actions.

46. For Material Program Revisions Requests in High Impact and Core countries, the Risk Specialist will provide input on the grant’s risks and mitigating actions to the Country Team. In some cases, issues will be escalated to GAC for further guidance (see OPN on Grant Revisions and GAC Terms of Reference for additional information).

47. For grant extension requests in High Impact and Core countries requiring GAC and Board approval, the Risk Specialist will provide input on the grant’s risks and mitigating actions to the Country Team (See OPN on Grant Revisions for additional information).

48. **Grant Closure.** In the majority of cases where a grant continues with the same PR, it is critical that the residual risks not mitigated during the previous implementation period are documented by Country Teams and carried forward into the new grant implementation period.642 In cases where the PR is being replaced, risks that remain relevant to the new grant and PR (i.e. supply chain, data quality, or accessibility issues, etc.) shall be transferred from the previous PR to the new PR for the next implementation period. In all cases, mitigating actions and assurance activities included in the grant’s risk assessment need to be either closed, waived or transferred for the grant to be closed. Any mitigating actions or assurance activities that remain relevant to address risks in the program should be transferred to the grant or grants that will continue implementing the program.

### Role of Risk Department and Global Risk Owners

49. In addition to providing advice and oversight on the Country Team’s execution of risk management at the grant level, the Risk Department leads enterprise level risk management through the ERC and PPC as described above, and provides governance and reporting functions over risk management:

   a. **Risk Management Group:** The Risk Department will coordinate with Global Risk Owners to identify points of collaboration and actions for strengthening success and efficiencies across Programmatic, Financial, PSM and Governance related risk and assurance activities. This will promote collective learning on risk management across the broader “second line of defence” functions.

   b. **Reporting.** The Risk Department’s independent analysis, based on various risk oversight functions, will contribute to the Chief Risk Officer’s Annual Assurance Opinion to the Board and Committees.

   c. **In-Country Risk Reviews.** An in-country risk review by the Risk Department provides the Secretariat with additional information to draw independent conclusions with respect to a portfolio, based on interactions with key stakeholders and beneficiaries. The in-country risk review also develops the Risk Department’s understanding of the risks and root causes facing portfolios, and facilitates evaluation of existing mitigating actions, including their adequacy, feasibility and likelihood of adequately mitigating specific risks.

   d. **Transfer of best practices across the portfolio.** Given its view of risk mitigation practices throughout the Global Fund’s entire portfolio, the Risk Department takes stock

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641 As described earlier in the section on Mitigating Actions, prioritized risks and mitigating actions should be discussed with implementers on an ongoing basis. The Performance Letter is a means of formally communicating the mitigating actions that particular PR is responsible and accountable for implementing, but can be formally communicated outside of a Performance Letter as necessary.

642 In situations where the same PR continues to implement the disease component in the next implementation period, the Risk Tracker for the new implementation will be automatically cloned from the previous implementation period to ensure that all risk related data is transferred to the next period.
of mitigants that have proven effective in specific contexts and assists in transferring such best practices across Country Teams.

50. Global Risk Owners. There are Global Risk Owners for each of the four risk categories, assigned as follows:

- Finance and Fiduciary Risks: Head, Program Finance & Controlling Department
- Programmatic and Monitoring and Evaluation Risks: Head, Technical Advice and Partnerships
- Health Product and Supply Chain Risks: Head, Supply Chain Department
- Governance, Oversight and Management Risks: Head, Grant Portfolio Support and Solutions Department

51. Global Risk Owners are responsible for providing policy and technical guidance in their functional area regarding risk identification and prioritization, and best practices for mitigating actions and assurance activities based on country context. Further, as applicable, Program Finance has an additional management control function. The Legal and Compliance Department also advises Country Teams and Global Risk Owners on Governance, Oversight and Management Risks. Global Risk Owners are members of the PPC and are also responsible for the content of risk management systems and tools (i.e. capacity questions, pre-defined root causes and overall design and functionality of the systems and tools).

### CHANGE HISTORY:

<table>
<thead>
<tr>
<th>No.</th>
<th>Approved By</th>
<th>Change Description</th>
<th>Date</th>
<th>Version No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>EGMC</td>
<td>NA</td>
<td>1 September 2016</td>
<td>1.0</td>
</tr>
<tr>
<td>2.</td>
<td>EGMC</td>
<td>Updated to reflect changes as a result of the Integrated Risk Management (IRM) module, the Portfolio Performance Committee process and other related updates.</td>
<td>June 2018</td>
<td>1.1</td>
</tr>
</tbody>
</table>

### Annex 1: Roles and Responsibilities

<table>
<thead>
<tr>
<th>Key actors</th>
<th>Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAC</td>
<td>GAC provides clear guidance on what risks or control issues must be addressed during grant making as required, particularly those that may have budgetary implications. When making a funding recommendation to the Board, GAC accepts the residual risks within grants at the end of grant making and approves the mitigation strategy to be actioned during grant implementation.</td>
</tr>
<tr>
<td>Enterprise Risk Committee</td>
<td>The ERC is a forum for senior management to proactively identify emerging enterprise-wide risks, evaluate the adequacy of mitigants and ensure appropriate assurance is in place.</td>
</tr>
<tr>
<td>Portfolio Performance Committee (PPC)</td>
<td>The PPC reviews country portfolios for progress towards impact, and in particular programmatic and financial performance as well as risk management. It will provide strategic direction on addressing the barriers to achieving outcomes, impact and associated risks. The committee will make decisions on acceptable risks and risk trade-offs (at the country portfolio level).</td>
</tr>
<tr>
<td>Key actors</td>
<td>Roles</td>
</tr>
<tr>
<td>----------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Global Risk Owners</td>
<td>Global Risk Owners are responsible for providing operational and technical guidance in their functional area regarding risk identification and prioritization, best practices for mitigants based on country context, and assurance planning options and follow-up actions. Further, Program Finance has a management control function, as applicable. The Legal and Compliance Department also advises Country Teams and Global Risk Owners on Governance, Oversight and Management Risks. Global Risk Owners are members of the Portfolio Performance Committee and are also responsible for the content of risk management systems and tools (i.e. capacity questions, predefined root causes and overall design and functionality of the systems and tools).</td>
</tr>
<tr>
<td>FPM</td>
<td>As the manager of the Country Team, the FPM is primarily responsible for risk management by identifying, prioritizing, mitigating and assuring risks for the portfolio of grants that he/she manages.</td>
</tr>
<tr>
<td>Technical Specialists</td>
<td>As the members of the Country Team, technical specialists support the FPM in risk management by identifying, prioritizing, mitigating and assuring risks related to their functional area in the grants that they are responsible for. For Focused portfolios, the FPM requiring the support of a Finance specialist needs to raise a request to PST for obtaining this advice, based on a review and recommendation from the LFAs.</td>
</tr>
<tr>
<td>Risk Specialist (“Focal Point”)</td>
<td>The Risk Specialist provides risk oversight for High Impact and Core portfolios over risk management at the grant level on an ongoing basis, supports enterprise level risk management, facilitates governance and reporting related processes as it pertains to their assigned countries. Any in country engagement of the Risk Specialist will be in consultation with the Country Team.</td>
</tr>
</tbody>
</table>
SECTION 3: IMPLEMENTATION PERIOD RECONCILIATION AND GRANT CLOSURE
Implementation Period Reconciliation and Grant Closure

**Approved on:** 4 September 2018  
**Approved by:** Executive Grant Management Committee  
**Process Owner:** Grant Portfolio Solutions  
**Sub-Owner:** Program Finance

**OVERALL OBJECTIVES**

1. When the Global Fund’s support for a particular disease/HSS program continues from one implementation period (“IP”) to the next or a grant ends, the Grantee or Principal Recipient, acting on behalf of the Grantee, must ensure that:
   a. agreed closure activities are planned, implemented and paid for;
   b. remaining financial commitments and financial obligations are addressed;
   c. remaining grant funds or recoveries are returned to the Global Fund;
   d. program assets are accounted for, transferred or disposed of; and
   e. programmatic and financial reports are submitted to the Global Fund.

2. The implementation and finalization of the IP Reconciliation or Grant Closure process must be completed within a maximum of 12 months from the IP end date.

**OPERATIONAL POLICY**

3. This Operational Policy Note (“OPN”) applies to grants financed under the 2014-2016 allocation period and thereafter. The OPN on Grant Closures issued on 18 December 2014 applies to grants financed prior to the 2014-2016 allocation period.

4. This OPN covers the following types of closure:
   a. **IP Reconciliation** when the Global Fund’s support for a particular disease/HSS program continues from one IP to the next, with the same Principal Recipient.
   b. **Grant Closure** means the grant ends due to one of the following reasons:
      i. **Change of the Principal Recipient:** a decision is taken by the Country Coordinating Mechanism (“CCM”) and/or the Global Fund to change the Principal Recipient;
      ii. **Transition from Global Fund Financing:** a decision is taken by the Global Fund or the country to end Global Fund financing for a disease component or country; or
      iii. **Grant Consolidation:** a decision is taken by the CCM and/or the Global Fund to consolidate several grants with the same Principal Recipient into one grant managed by that Principal Recipient.

5. The closure stages and a summary of the closure steps for each stage is set out in the framework below. The steps will vary depending on the type of closure. A separate step-by-step operational

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643 As such terms are defined in the Global Fund Grant Regulations (2014) available at: https://www.theglobalfund.org/grantregulations.
For the purposes of this Operational Policy Note, all references to Principal Recipient includes the Grantee, where the Principal Recipient acts on behalf of such Grantee.

644 In the case of IP Reconciliation, the remaining grant funds may be deducted from the approved grant amount for the next IP.
guidance is detailed in the Operational Procedures on IP Reconciliation and Grant Closure. Annex 1 provides the definition of key terms used in this OPN.

6. The implementation of the IP Reconciliation or Grant Closure process is undertaken following the IP end date. However, the Global Fund may also suspend or terminate a Grant Agreement early in accordance with its terms, in order for example, to change the Principal Recipient or cease Global Fund financing for a disease component or portfolio. In such instances, the Grant Closure process must be initiated immediately after such decision is communicated in writing to the Principal Recipient (as required under Section 10.2 of the Global Fund Grant Regulations (2014)).

7. At the Global Fund Secretariat, the Country Team is responsible for overseeing the completion of the IP Reconciliation or Grant Closure process, as applicable. At country level, under the oversight of the CCM, the Principal Recipient is responsible for undertaking and completing the IP Reconciliation or Grant Closure process, as applicable. It is the Principal Recipient’s sole responsibility to ensure that all Sub-recipient(s) and any other implementing partner(s) complete(s) activities and submit(s) required information in a timely manner so that the Principal Recipient is able to comply with the Grant Agreement and this OPN.
8. Set out below are the stages for IP Reconciliation and Grant Closure:

A. Plan Closure

9. As part of rigorous grant management, closure steps must be planned at least six months in advance of the IP end date to ensure the closure process is finalized in a timely and orderly manner. In the event of an early suspension or termination of the Grant Agreement, planning must begin as soon as the Principal Recipient is informed in writing.

Agree on Closure Approach (including Grant Closure Plan and Grant Closure Budget)

10. During the pre-closure period, the Country Team and the Principal Recipient must agree on the closure steps and timelines specified under the ‘Implement Closure’ stage that apply in the context of the grant. Depending on the closure type, the requirements to finalize the closure process will vary.

11. Under IP Reconciliation, the steps must be planned as part of the grant making process for the new IP. No separate Grant Closure Plan and Grant Closure Budget are required. For Grant Closure cases (with the exception of Grant Consolidation), all closure activities including the timeline for completing and paying those activities within the Closure Period must be clearly documented in the Grant Closure Plan and Grant Closure Budget which must be endorsed by the CCM. The Grant Closure Plan and Budget are approved by the Regional Manager or Department Head, and the Regional Finance Manager, through the Implementation Letter, in accordance with the Global Fund Signature Authority Procedure (“SAP”) (which may be amended from time to time).

12. Subject to the Global Fund’s approval of the Grant Closure Plan and Grant Closure Budget, grant funds may be used to finance closure activities approved in the Grant Closure Plan and Budget to ensure the orderly closure of the grant. The Principal Recipient is responsible for minimizing the costs of closure. Any payment for activities not set forth and approved in the Grant Closure Plan and Grant Closure Budget is non-compliant and the Principal Recipient must reimburse such amount to the Global Fund.

B. Implement Closure

Complete Approved Programmatic Activities

13. Closure activities typically cover the administrative activities required to close the grant. For Grant Closure cases, excluding Grant Consolidations, the Global Fund may, at its discretion, allow time-limited, programmatic activities after the IP end date to facilitate the completion of discrete projects that have already been substantially started (such as the distribution of bed nets already delivered in-country, or the delivery of procured drugs, which may have faced delays in arriving in-country). The Grant Closure Plan and Grant Closure Budget set forth all Grant

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645 Where a grant is continuing from one IP to the next, the closure of the current IP must form part of the new grant making process.
646 If a Sub-recipient is not continuing under the next IP, the Country Team must discuss and agree with the Principal Recipient the closure activities, timelines and budget pertaining to the outgoing Sub-recipient.
647 Ibid.
648 The Grant Closure Plan and Budget must be endorsed by the CCM Chair and Vice-Chair. For Regional Coordinating Mechanisms (RCMs), the RCM Chair and Vice-Chair must endorse the Closure Plan and Budget. This requirement does not apply to Non-CCMs and Regional Organizations.
649 This is a Global Fund internal document.
Closure activities approved by the Global Fund. Approved activities must be completed and paid for during the Closure Period.

Complete Reporting Requirements

14. To ascertain programmatic and financial achievements of the grant during the last year of the IP and/or during the Closure Period, the Principal Recipient is required to submit the following reports. The reports must conform to the relevant guidelines and will be reviewed and approved by the Country Team. The required reports are the following:

   a. Final Progress Update ("PU") for the IP\(^{650}\);
   b. Final Tax Report for the IP\(^{651}\);
   c. Audit Report\(^{652}\); and
   d. Financial Closure Report\(^{653}\)

Address Financial Commitments and Obligations

15. At IP end date, the Country Team must confirm the Principal Recipient’s outstanding financial commitments and obligations.

16. For IP Reconciliation, financial commitments as at the IP end date must be financed and completed, within six months of the IP end date\(^{654}\). Approved financial obligations, however, must be transferred to the next IP of the grant (see Guidance on Transition between Allocation Utilization Period).

17. For Grant Closures, financial commitments and obligations are financed and completed under the expiring grant and must be addressed in the Grant Closure Plan and Budget. All financial commitments incurred during the IP of that grant need to be addressed within six months following the IP end date.

18. Grant Funds remaining and not otherwise budgeted for under the Grant Closure Plan and Budget under the grant nine months after the IP end date will be automatically decommitted and the Purchase Order (PO) will be closed. If the Country Team anticipates any delays beyond nine months to fulfil commitments, the Country Team must request to keep the PO open. Such requests will be reviewed and authorized by the Chief Finance Officer.

Address Non-Compliant Expenditures and Recoveries

19. Non-compliant expenditures, refunds and/or recoveries must be addressed in accordance with the Global Fund Guidelines for Grant Budgeting\(^{655}\) and OPN on Recovery of Grant Funds\(^{656}\).

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\(^{652}\) See Guidelines for Annual Audits of Global Fund Grant Program Financial Statements. In certain cases, an audit will also be required for the closure period such as when: (i) the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high; (ii) the Grant Closure Budget is more than 10% of the grant budget or more than US$ 1 million whichever is lower; and/or (iii) the previous audit report has a qualified opinion.

\(^{653}\) See Guidelines on Financial Closure Report.

\(^{654}\) Section 2.2.1 of the Global Fund Guidelines for Grant Budgeting.

\(^{655}\) Section 5 of the Global Fund Guidelines for Grant Budgeting.

\(^{656}\) This is a Global Fund internal document.
Transfer Program Assets and Receivables

20. After they can no longer be used under the grant for which they have been purchased, program assets must be used exclusively to fight the three diseases that represent the core mandate of the Global Fund. The Principal Recipient must ensure that all program assets and receivables have been accounted for and appropriately transferred or disposed of as per the Guidance on Asset Management.

21. The transfer or disposal of program assets and receivables depends on the type of closure. For IP Reconciliation and Grant Consolidation, the program assets and receivables must be transferred to be used under the next IP or new grant. The List of Program Assets and Receivables will be reviewed by the Country Team as part of the grant making activities for the next IP or new grant.

22. For Change of the Principal Recipient cases, the program assets and receivables must be transferred to the new Principal Recipient or new and continuing Sub-recipients, with oversight from the CCM. For Transition from Global Fund financing cases, the Principal Recipient and the Country Team must ensure that program assets continue to be used exclusively to fight the three diseases that represent the core mandate of the Global Fund. For these two types of grant closure, a List of Program Assets and Receivables as well as a Transfer Plan is submitted to the Country Team together with the Grant Closure Plan and Grant Closure Budget. All such documents need to be endorsed by the CCM they will also be approved by the Regional Manager or Department Head and Regional Finance Manager through an Implementation Letter, in accordance with the SAP (as amended from time to time).

23. During the Closure Period, the Principal Recipient will submit evidence that the program assets have been transferred in accordance with the approved List of Program Assets and Receivables, and Transfer Plan.

C. Finalize Closure

24. The closure process is finalized when the IP is financially closed (for IP Reconciliation) or both financially and administratively closed (for Grant Closures).

<table>
<thead>
<tr>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financially Closed</td>
</tr>
<tr>
<td>Administered closed (only for Grant)</td>
</tr>
</tbody>
</table>

657 These documents, alongside the Grant Closure Plan and Grant Closure Budget, must be endorsed by the CCM Chair and Vice-Chair. For Regional Coordinating Mechanisms (“RCMs”), the RCM Chair and Vice-Chair must endorse the Grant Closure Plan and Grant Closure Budget. This requirement does not apply to Non-CCMs and Regional Organizations.

658 Note that the survival provisions which are expected to last beyond the duration of the Grant Agreement are covered in the Framework Agreement entered into between the Global Fund and the relevant Grantee which forms part of the Grant Agreement (or a standalone Grant Agreement where no Framework Agreement has been agreed). This includes, but is not limited to liability for loss, theft or damage of program assets; right of the Global Fund to request for a refund; maintenance of books and records of the program; right of access by the Global Fund, etc.
<table>
<thead>
<tr>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Closure</strong></td>
</tr>
</tbody>
</table>

659 For portfolios in High Impact Department
Annex 1. Definition of Terms

1. **Pre-Closure Period** is the six-month period in advance of the IP end date during which the steps required under the ‘Plan Closure’ stage take place.

2. **Closure Period** is the six-month period from the IP end date during which the steps required under the ‘Implement Closure’ stage take place.

3. **Grant Closure Plan** is the detailed description of the activities that need to be implemented under the ‘Implement Closure’ stage to close the grant in an orderly and responsible manner (“Grant Closure Activities”). The Grant Closure Plan must include a rationale and timeline for the Grant Closure Activities.

4. **Grant Closure Budget** is the itemized costed budget for the Grant Closure Activities.

5. **List of Program Assets and Receivables** is the list of: (a) all goods or other tangible or intangible property acquired wholly or partly using grant funds; and (b) receivables which are grant funds owed to the Principal Recipient by a third party (e.g., a deposit put down on a lease).

6. **Transfer Plan** is a plan for the use, transfer and/or disposal of all the items specified in the List of Program Assets and Receivables, including a rationale for each proposed action.

7. **Financial Commitments** are current contractual obligations to pay a specified amount of cash against goods and services already received, but for which the related payment has not yet been made, fully or partially.

8. **Financial Obligations** are current contractual obligations to pay an agreed amount of cash to a third party for goods/services that are to be received at some point in the future.
Implementation Period Reconciliation and Grant Closure

Approved on: 4 September 2018
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions
Sub-process Owner: Program Finance

Relevant Operational Policies:
- OPN on IP Reconciliation and Grant Closure
- OPN on Recovery of Grant Funds
- OPN on Annual Funding Decision and Disbursements
- Guidelines for Grant Budgeting
- Guidelines for Annual Audits of Global Fund Grants
- Guidelines on Asset Management

2. This document provides procedural guidance on Implementation Period (“IP”) Reconciliation and Grant Closures, for grants financed under the 2014-2016 allocation period and thereafter. The OPN on Grant Closures issued on 18 December 2014 applies to grants financed prior to the 2014-2016 allocation period.

3. Depending on the applicable closure type, Country Teams should refer to the relevant section of this Operational Procedures below:
   - IP Reconciliation – Section A
   - Grant Closure
     - Change of the Principal Recipient – Section B
     - Transition from Global Fund Financing – Section C
     - Grant Consolidation – Section D

4. Overview of the IP Reconciliation and Grant Closure types:

---

660 This is an internal Global Fund document

The Global Fund’s Operational Policy Manual 405
5. **Triggers.** IP Reconciliation is triggered when the Global Fund’s support for a particular disease/HSS program continues from one IP to the next, with the same Principal Recipient. In such cases, there are requirements that need to be fulfilled as per the Grant Agreement to ensure the closure of the earlier IP.

6. **IP Reconciliation Activities.** The list of steps and requirements with which the Principal Recipient needs to comply to ensure an orderly reconciliation of the IP are presented below:

* Except for the Financial Closure Report, and in specific cases the audit report, which are submitted during the ‘Finalize Closure’ stage.

** Non-compliant expenditures and recoveries must be addressed as soon as possible during the ‘Implement Closure’ stage. Depending on timelines agreed with the Global Fund, this activity may extend to the ‘Finalize Closure’ stage.
<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Plan Closure (6 months before the IP end date)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Country Team prepares and shares with the Principal Recipient the Guidance Letter on IP Reconciliation to ensure the IP is closed in a timely and orderly manner</td>
<td>6 months before the IP end date</td>
<td>Fund Portfolio Manager</td>
</tr>
<tr>
<td><strong>B. Implement Closure (within 6 months from the IP end date)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Complete Reporting Requirements

**Final Progress Update for the IP** which includes:
- the programmatic and financial progress report for the period from the last progress update to the IP end date (including any extensions), and
- the Annual Financial Report (AFR) for the period from the last AFR to the IP end date (including any extensions)

See PU/DR Guidelines

<table>
<thead>
<tr>
<th>Principal Recipient submission due date: within 2 months from the IP end date</th>
<th>Review the Local Fund Agent (LFA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review by the Country Team:</td>
<td></td>
</tr>
<tr>
<td>• Finance Specialist/Portfolio Services Team (PST), who validates the financial data based on the LFA review</td>
<td></td>
</tr>
<tr>
<td>• Public Health and Monitoring and Evaluation (PHME) Specialist, who validates the programmatic data based on the LFA review</td>
<td></td>
</tr>
<tr>
<td>• Health Product Management (HPM) Specialist, who validates the procurement data based on the LFA review</td>
<td></td>
</tr>
<tr>
<td>Approval by:</td>
<td>Fund Portfolio Manager, who approves the overall report based on the above</td>
</tr>
</tbody>
</table>

**Final Tax Report for the IP** covering the last year of the IP (including any extensions)

See PU/DR Guidelines

<table>
<thead>
<tr>
<th>Principal Recipient submission due date: 31 July</th>
<th>Review by the LFA (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review by:</td>
<td></td>
</tr>
<tr>
<td>• Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Approval by:</td>
<td>Fund Portfolio Manager, who approves based on the above</td>
</tr>
</tbody>
</table>

**Audit Report** for the last year of the IP (including any extensions)

<table>
<thead>
<tr>
<th>Principal Recipient submission due date: within 6 months from the IP end date</th>
<th>Review by the LFA (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review by:</td>
<td></td>
</tr>
<tr>
<td>• Finance Specialist/PST, who validates the audit report based on the LFA review (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Approval by:</td>
<td>Fund Portfolio Manager, who approves based on the above</td>
</tr>
</tbody>
</table>

---

661 Review and approval processes may vary depending on the portfolio categorization. Where appropriate in this table, please refer to the Signature Authority Procedure (as amended from time to time). The Signature Authority Procedure is a Global Fund internal document.
### Address Financial Commitments and Obligations

<table>
<thead>
<tr>
<th>Description</th>
<th>Timeframe</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay outstanding Financial Commitments under the expiring IP and transfer</td>
<td>Within 6 months from the IP end date</td>
<td>Financial commitments outstanding after 6 months are reviewed by:</td>
</tr>
<tr>
<td>approved Financial Obligations to the next IP in line with the Guidance on</td>
<td></td>
<td>• Finance Specialist/PST; and</td>
</tr>
<tr>
<td>Transition Between Allocation Utilization Periods</td>
<td></td>
<td>• Fund Portfolio Manager.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The related Annual Funding Decision and Disbursement will be processed as an exception</td>
</tr>
<tr>
<td></td>
<td></td>
<td>based on the <em>OPN on Annual Funding Decision and Disbursements</em> and upon the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>signature of a Final Payment Letter by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regional Manager or Department Head; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regional Finance Manager.</td>
</tr>
</tbody>
</table>

### Address Non-Compliant Expenditures and Recoveries

<table>
<thead>
<tr>
<th>Description</th>
<th>Timeframe</th>
<th>Approval and Approval Follows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address non-compliant expenditures under expiring IP.</td>
<td>Within 6 months from the IP end date</td>
<td>Review and approval follows the <em>Guidelines for Grant Budgeting</em> and OPN on Recovery of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Grant Funds.</td>
</tr>
</tbody>
</table>

### C. Finalize Closure (within 7 – 12 months from the IP end date)

#### Determine and Take Into Account Remaining Grant Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Timeframe</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submission and validation of the <strong>Financial Closure Report</strong> which includes the:</td>
<td></td>
<td>Review by the LFA</td>
</tr>
<tr>
<td>• financial reconciliation of the cash balance as at the end of the IP (including any extensions);</td>
<td></td>
<td>Review by:</td>
</tr>
<tr>
<td>• expenditure report covering the period from the last submitted expenditure report up to the end of the Closure Period; and</td>
<td></td>
<td>• Finance Specialist/PST, who validates the Financial Closure Report, based on the LFA review</td>
</tr>
<tr>
<td>• updated Financial Commitments and Obligations as at the end of the IP.</td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td>See <a href="#">Financial Closure Report Guidelines</a></td>
<td></td>
<td>• Fund Portfolio Manager, who approves based on the above</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Based on the Financial Closure Report, determine final in-country cash balance under the expiring IP to be deducted from the grant amount for the next IP</td>
<td>Within 9-12 months from the IP end date</td>
<td>A reduction of the grant amount for the new IP will entail a revision of the Grant Confirmation table through issuance of an Implementation Letter.</td>
</tr>
</tbody>
</table>

### Formalize the Closure

<table>
<thead>
<tr>
<th>Description</th>
<th>Timeframe</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>The IP is financially closed when all the closure activities as described above have been considered fulfilled or waived by the Global Fund</td>
<td>Within 12 months from the IP end date</td>
<td>This does not mean that the Principal Recipient’s legal obligations under the Grant Agreement ends. Please refer to the section 25 of the OPN on IP Reconciliation and Grant Closures.</td>
</tr>
</tbody>
</table>
SECTION B: GRANT CLOSURE DUE TO A CHANGE OF PRINCIPAL RECIPIENT

7. **Triggers.** This occurs when the CCM and/or the Global Fund decides to transfer implementation responsibilities of an approved program from one Principal Recipient to another, for example where the Grant Agreement with the current Principal Recipient is being terminated or suspended. This might occur during the IP or at the end of the IP. Under this scenario, the Global Fund support to the disease/HSS program continues but the implementation by the existing Principal Recipient is discontinued.

8. When this happens, the grant with the outgoing Principal Recipient is closed and a new grant is signed with the new Principal Recipient. The change in the Principal Recipient is approved by the Regional Manager or Department Head. The Country Team prepares a new Grant Confirmation. The Grant Confirmation is reviewed and signed by the Global Fund and the new Principal Recipient.

9. **Grant Closure Activities.** When the Principal Recipient changes, grant closure activities must focus on the swift and orderly transfer of the program implementation from the outgoing Principal Recipient to the new Principal Recipient to facilitate the continuity of the program.

---

**A. PLAN CLOSURE**

- Agree on closure approach and timelines
- Agree on Grant Closure Plan and Grant Closure Budget, List of Program Assets and Receivables, and Transfer Plan

**B. IMPLEMENT CLOSURE**

- Complete and pay for approved grant closure activities
- Complete reporting requirements*
- Address non-compliant expenditures and recoveries**
- Address Financial Commitments and Financial Obligations
- Transfer program assets and receivables

**C. FINALIZE CLOSURE**

- Determine and return remaining grant funds
- Formalize closure

---

* Except for the Financial Closure Report, and in specific cases the audit report, which are submitted during the ‘Finalize Closure’ stage.

** Non-compliant expenditures and recoveries must be addressed as soon as possible during the ‘Implement Closure’ stage. Depending on timelines agreed with the Global Fund, this activity may extend to the ‘Finalize Closure’ stage.

---

662 This is an internal Global Fund document.

663 The audit report must also cover the ‘Closure Period’ in the following cases: (a) the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high; (b) the Grant Closure Budget is more than 10% of the grant budget or more than US$ 1 million whichever is lower; and/or (c) the previous audit report had a qualified opinion.
<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Plan Closure</strong> (within 6 months before the IP end date)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Country Team prepares and shares with the outgoing Principal Recipient, the Guidance Letter on grant closure due to the change of the Principal Recipient. If the change of the Principal Recipient happens in the middle of the IP, the guidance letter must clearly indicate the end date of the grant with the outgoing Principal Recipient. The guidance letter will include the requirements to ensure an orderly closure of the grant</td>
<td>As soon as the decision to change the Principal Recipient is made and communicated in writing to the Principal Recipient</td>
<td>Fund Portfolio Manager</td>
</tr>
</tbody>
</table>

**Agree on Grant Closure Plan, Grant Closure Budget, List of Program Assets and Receivables, and Transfer Plan (within 6 months before the IP end date)**

- **Grant Closure Plan and Budget**: which includes:
  - Grant closure activities to be implemented during the Closure Period and the required budget to conduct such activities

<table>
<thead>
<tr>
<th>Principal Recipient submission due date:</th>
<th>Review by the LFA (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No later than 3 months before the IP end date</td>
<td>Review and recommendation by:</td>
</tr>
<tr>
<td></td>
<td>Fund Portfolio Manager</td>
</tr>
<tr>
<td></td>
<td>Finance Specialist/PST</td>
</tr>
<tr>
<td></td>
<td>PHME and HPM Specialists, if programmatic activities will be completed during Closure Period</td>
</tr>
<tr>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td>Regional Manager or Department Head&lt;sup&gt;665&lt;/sup&gt; and Regional Finance Manager&lt;sup&gt;666&lt;/sup&gt; through the sign-off of the Implementation Letter approving the Grant Closure Plan and Grant Closure Budget</td>
</tr>
</tbody>
</table>

- **List of Program Assets and Receivables and Transfer Plan**: which includes the:
  - list of all goods or other tangible or intangible property acquired wholly or partly using grant funds
  - list of receivables owed to the Principal Recipient by third parties

<table>
<thead>
<tr>
<th>Principal Recipient submission due date:</th>
<th>Review by the LFA (if applicable).</th>
</tr>
</thead>
<tbody>
<tr>
<td>No later than 3 months before the IP end date</td>
<td>Review by:</td>
</tr>
<tr>
<td></td>
<td>Fund Portfolio Manager</td>
</tr>
<tr>
<td></td>
<td>Finance Specialist/PST, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</td>
</tr>
<tr>
<td></td>
<td>HPM Specialist, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</td>
</tr>
</tbody>
</table>

---

<sup>664</sup> Review and approval processes may vary depending on the portfolio categorization. Where appropriate in this table, please refer to the Signature Authority Procedure (as amended from time to time). The Signature Authority Procedure is a Global Fund internal document.

<sup>665</sup> For High Impact Department portfolios.

<sup>666</sup> In accordance with the Global Fund Signature Authority Procedure (as amended from time to time) (“SAP”).
### Requirements

| Plan of how the Program Assets are going to be transferred to the incoming Principal Recipient |
| Submitted together with the Grant Closure Plan and Grant Closure Budget |
| Approval by: Regional Manager or Department Head and Regional Finance Manager through the sign-off of the Implementation Letter approving the Grant Closure Plan and Budget |

### B. Implement Closure (within 6 months from the IP end date)

#### Complete Reporting Requirements

| Final Progress Update for the grant covering the last year of the IP (including any extensions) | Principal Recipient submission due date: Within 2 months from the IP end date |
| Review by the LFA |
| Review by the Country Team:  
  - Finance Specialist/Portfolio Services Team (PST), who validates the financial data based on the LFA review  
  - Public Health and Monitoring and Evaluation (PHME) Specialist, who validates the programmatic data based on the LFA review  
  - Health Product Management (HPM) Specialist, who validates the procurement data based on the LFA review |
| Approval by:  
  - Fund Portfolio Manager, who approves based on the above |

| Final Tax Report for the grant covering the last year of the IP (including any extensions) | Principal Recipient submission due date: 31 July |
| Review by the LFA (if applicable) |
| Review by:  
  - Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable) |
| Approval by:  
  - Fund Portfolio Manager, who approves based on the above |

| Audit Report covering the last year of the IP (including any extensions).  
The Closure Period must be covered in the audit only in the following cases:  
a. the financial risk level is documented and validated (by the  |
| Principal Recipient submission due date: Within 6 months from the IP end date or the Closure Period end date, if the Closure Period is covered in the audit |
| Review by the LFA (if applicable). |
| Review by:  
  - Finance Specialist/PST, who validates the audit report based on the LFA review (if applicable) |
| Approval by:  
  - Fund Portfolio Manager, who approves based on the above |
### Requirements

Regional Finance Manager) in the Integrated Risk Module as high or very high;  
- the Grant Closure Budget is more than 10% of the grant budget or more than US$ 1 million whichever is lower; and/or  
- the previous audit report has a qualified opinion

### Address Financial Commitments and Financial Obligations (within 6 months from the IP end date)

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| Pay outstanding Financial Commitments and Financial Obligations under the expiring grant | Within 6 months from the IP end date | Financial commitments outstanding after 6 months are reviewed by:  
  - Finance Specialist/PST  
  - Fund Portfolio Manager.  
  The related Annual Funding Decision and Disbursement will be processed as an exception based on the OPN on Annual Funding Decision and Disbursements and upon the signature of a Final Payment Letter by:  
  - Regional Manager or Department Head; and  
  - Regional Finance Manager. |

### Address Non-compliant Expenditures and Recoveries (within 9 months from the IP end date)

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address non-compliant expenditures and recoveries under the expiring grant</td>
<td>Within 9 months from the IP end date</td>
<td>Review and approval follows the Guidelines for Grant Budgeting and OPN on Recovery of Grant Funds.</td>
</tr>
</tbody>
</table>

### Transfer Contracts

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>The best approach for managing existing contracts should have been agreed with the incoming Principal Recipient before the end of the IP</td>
<td>As soon as the incoming Principal Recipient is nominated</td>
<td>To be discussed and agreed between the outgoing and incoming Principal Recipient.</td>
</tr>
</tbody>
</table>

### Transfer Program Assets

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| Transfer Program Assets to incoming Principal Recipient and provide evidence to Global Fund | As soon as possible to be agreed with the incoming Principal Recipient | Review by the LFA (if applicable)  
  Review by :  
  - HPM Specialist, who validates the reported information, based on the LFA’s review (if applicable) |

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664 This is a Global Fund internal document and is not available publicly.

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### C. Finalize Closure (within 7-12 months from the IP end date)

#### Determine and Return Remaining Grant Funds

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit and Validate the <strong>Financial Closure Report</strong> which includes the:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• reconciliation report of the cash balances at the end of the IP, including</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the Closure Period;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• expenditures report for the Closure Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• updated Financial Commitments and Financial Obligations as at the end of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the IP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>See <a href="#">Financial Closure Report Guidelines</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Principal Recipient submission due date:** Within 7.5 months from the IP end date
- **Review by the LFA**
- **Review by:**
  - Finance Specialist/PST, who validates the reported information, based on the LFA’s review
- **Approval by:**
  - Fund Portfolio Manager, who approves based on the above

- **Based on the Financial Closure Report:**
  - return the final in-country cash balance under the closing grant to the Global Fund.
  - address non-compliant expenditures from the Closure Period
- **Within 12 months from the IP end date**
- **Remaining funds to be returned to the Global Fund are determined through the review and validation of the Financial Closure Report.**

#### Formalize Closure

- **The grant is:**
  - financially closed when all the steps and requirements have been considered fulfilled or waived by the Global Fund.
  - administratively closed when the Closure Notification Letter has
- **Within 12 months from the IP end date**
- **Regional Manager or Department Head and Regional Finance Manager approve closure by signing a Notification Letter to be sent to the Principal Recipient.**

  This does not mean that the Principal Recipient’s legal obligations under the Grant Agreement ends. Please refer to section 25 of the OPN on IP Reconciliation and Grant Closures.
10. **Transferring contracts.** It is the responsibility of the outgoing Principal Recipient\(^668\) to take all appropriate and necessary actions to ensure that each Sub-recipient cooperates fully with the new Principal Recipient, the Global Fund and/or the CCM to facilitate any necessary transfers. In addition to the above, the closure process must also determine and implement the best approach for managing existing contracts and agreements with sub-implementers and service providers to ensure continuity of service delivery under the program:

a. **Contracts for Continuing Services:** The outgoing and incoming Principal Recipients should collaborate to determine if existing contracts for services can be assigned or terminated by the outgoing Principal Recipient and re-negotiated by the new Principal Recipient. Assignment of contracts may be appropriate (if allowed under the terms of the contract) if favorable terms have been negotiated for such contracts. Existing contractual terms and contract termination provisions may be analyzed by the outgoing and new Principal Recipients with their respective legal counsel, as appropriate.\(^669\)

b. **Contracts with Pending Delivery of Goods:** If the outgoing Principal Recipient has contracts for the procurement of goods, which have not yet been delivered, the Country Team will determine if it is more efficient for the outgoing Principal Recipient to receive and transfer the goods. Factors to be considered include:

(i) the termination costs and penalties;

(ii) delays resulting from the termination of the supplier contract, and re-order of goods by the incoming Principal Recipient (which is particularly important for critical health products); and

(iii) tax benefits that may be gained from the outgoing Principal Recipient’s tax exemption status.

If the outgoing Principal Recipient continues to serve as the Principal Recipient for receiving an outstanding shipment, arrangements should be put in place with the new Principal Recipient to jointly address non-conforming goods and transfer arrangements.

c. **Sub-Recipient Agreements:** Outgoing and incoming Principal Recipients should ensure that Sub-recipients that will continue under the program are maintained under contractual arrangements. This may be through an assignment from the outgoing Principal Recipient to the new Principal Recipient, where this is permitted within the terms of the contract, or a simultaneous termination and execution of Sub-recipient agreements on a set closing date. The transfer of Sub-recipients must be coordinated to ensure that Sub-recipients operate under a contract at all times. The particular terms of transfer will depend on the circumstances of each case. If relevant, cash balances at the Sub-recipient level should be documented in the Grant Closure Plan.

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\(^{668}\) Section 10.1 of the Grant Regulations

\(^{669}\) The Global Fund and the Global Fund’s legal department do not represent the Principal Recipient in legal matters. The Principal Recipient must seek independent legal counsel for any contractual arrangements, as appropriate, and to the extent advisable or necessary by the Principal Recipient.
d. **Any Pending Activities:** In limited cases, time-limited, programmatic activities that cannot be transferred to the new Principal Recipient may be approved for continuation by the outgoing Principal Recipient to facilitate the completion of discrete projects that have already been substantially started (for example, the distribution of bed nets already delivered, or delivery of procured drugs, which have faced delays in arriving into the country)\(^\text{670}\).
SECTION C: GRANT CLOSURE DUE TO TRANSITION FROM GLOBAL FUND FINANCING

11. **Triggers.** This occurs when the CCM and/or the Global Fund decide:
   a. a country is not eligible for funding from the Global Fund for a disease component, and transition funding is provided. Following completion of the transition funding period, the Global Fund support to the program and implementation arrangements with the Principal Recipient(s) are discontinued; or
   b. the Global Fund decides to no longer support a disease program or a component of the program; or
   c. a country decides to no longer access Global Fund support for a specific or all disease components.

12. **Grant Closure Activities.** When a grant is closing due to transition, the grant closure process must focus on the orderly exit of the Global Fund from the program and take into consideration previously agreed transition plans. The activities will include the following:

   - **A. PLAN CLOSURE**
     - Agree on closure approach and timelines
     - Agree on Grant Closure Plan and Grant Closure Budget, List of Program Assets and Receivables, and Transfer Plan
   - **B. IMPLEMENT CLOSURE**
     - Complete and pay for approved grant closure activities
     - Complete reporting requirements*
     - Address non-compliant expenditures and recoveries**
   - **C. FINALIZE CLOSURE**
     - Determine and return remaining grant funds
     - Formalize closure
     - Address Financial Commitments and Financial Obligations
     - Transfer program assets and receivables

* Except for the Financial Closure Report, and in specific cases⁶⁷¹ the audit report, which are submitted during the ‘Finalize Closure’ stage.

** Non-compliant expenditures and recoveries must be addressed as soon as possible during the ‘Implement Closure’ stage. Depending on timelines agreed with the Global Fund, this activity may extend to the ‘Finalize Closure’ stage.

⁶⁷¹ The audit report must also cover the ‘Closure Period’ in the following cases: (a) the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high; (b) the Grant Closure Budget is more than 10% of the grant budget or more than US$ 1 million whichever is lower; and/or (c) the previous audit report had a qualified opinion.
### A. Plan Closure (within 6 months before the IP end date)

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Country Team prepares and shares with the Principal Recipient the Guidance letter on grant closure due to transition from Global Fund financing</td>
<td>6 months before the IP end date</td>
<td>Fund Portfolio Manager</td>
</tr>
</tbody>
</table>

#### Agree on Grant Closure Plan, Grant Closure Budget, List of Program Assets and Receivables, and Transfer Plan (within 6 months before the IP end date)

<table>
<thead>
<tr>
<th>Grant Closure Plan and Grant Closure Budget which includes: Grant closure activities to be implemented during the Closure Period and the required budget to conduct such activities</th>
<th>Principal Recipient submission due date: No later than 3 months before the IP end date</th>
<th>Review by the LFA (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review and recommendation by:</td>
<td>Review by:</td>
<td></td>
</tr>
<tr>
<td>• Fund Portfolio Manager;</td>
<td>• Fund Portfolio Manager</td>
<td></td>
</tr>
<tr>
<td>• Finance Specialist/PST;</td>
<td>• Finance Specialist/PST, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</td>
<td></td>
</tr>
<tr>
<td>• PHME and HPM Specialists, if programmatic activities will be completed during the Closure Period.</td>
<td>• HPM Specialist, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Approval by: Regional Manager or Department Head and Regional Finance Manager through the sign-off of the Implementation Letter approving the Grant Closure Plan and Grant Closure Budget.</td>
<td>Approval by: Regional Manager or Department Head and Regional Finance Manager through the sign-off of the Implementation Letter approving the Grant Closure Plan and Grant Closure Budget.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>List of Program Assets and Receivables and Transfer Plan: which includes the:</th>
<th>Principal Recipient submission due date: No later than 3 months before the IP end date</th>
<th>Review by the LFA (if applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• list of all goods or other tangible or intangible property acquired wholly or partly using grant funds</td>
<td>Review by:</td>
<td></td>
</tr>
<tr>
<td>• list of receivables owed to the Principal Recipient by third parties</td>
<td>• Fund Portfolio Manager</td>
<td></td>
</tr>
<tr>
<td>• plan of how the Program Assets are going to be transferred to continue to be used for the fight against the three diseases or disposed of</td>
<td>• Finance Specialist/PST, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Submitted together with the Grant Closure Plan and Grant Closure Budget</td>
<td>• HPM Specialist, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</td>
<td></td>
</tr>
<tr>
<td>Approvals:</td>
<td>Approval by: Regional Manager or Department Head and Regional Finance Manager through the sign-off of the Implementation Letter approving the Grant Closure Plan and Grant Closure Budget.</td>
<td></td>
</tr>
</tbody>
</table>

### B. Implement Closure (within 6 months from the IP end date)

#### Complete Reporting Requirements

<table>
<thead>
<tr>
<th>Final Progress Update for the Grant covering the last year of the IP end date</th>
<th>Principal Recipient submission due date: Within 2</th>
<th>Review by:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Review by the LFA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Review by:</td>
<td></td>
</tr>
</tbody>
</table>

---

672 Review and approval processes may vary depending on the portfolio categorization. Where appropriate in this table, please refer to the Signature Authority Procedure (as amended from time to time). The Signature Authority Procedure is a Global Fund internal document.
<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IP (including any extensions)</strong></td>
<td>months from the IP end date</td>
<td>• Finance Specialist/PST, who validates the financial data based on the LFA review</td>
</tr>
<tr>
<td>Includes:</td>
<td></td>
<td>• PHME Specialist, who validates the programmatic data, based on the LFA review</td>
</tr>
<tr>
<td>• the programmatic and financial progress report for the period from the</td>
<td></td>
<td>• HPM Specialist, who validates the procurement data, based on the LFA review</td>
</tr>
<tr>
<td>last progress report to the IP end date</td>
<td></td>
<td>(if applicable)</td>
</tr>
<tr>
<td>• the Annual Financial Report (AFR) for the period from the last AFR to the</td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td>grant end date (including any extensions)</td>
<td></td>
<td>• Fund Portfolio Manager, who approves based on the above</td>
</tr>
<tr>
<td>See PU/DR Guidelines</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Final Tax Report for the grant covering the last year of the IP (including</strong></td>
<td>Principal Recipient Submission due date: 31 July</td>
<td>Review by the LFA (if applicable)</td>
</tr>
<tr>
<td>** extensions)**</td>
<td></td>
<td>Review by:</td>
</tr>
<tr>
<td>See PU/DR Guidelines</td>
<td></td>
<td>• Finance Specialist/PST, who validates the tax report based on the LFA review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(if applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fund Portfolio Manager, who approves based on the above</td>
</tr>
<tr>
<td><strong>Audit Report for the grant covering the last year of the IP (including</strong></td>
<td>Principal Recipient submission due date:</td>
<td>Review and recommendation by the LFA (if applicable)</td>
</tr>
<tr>
<td>** extensions).**</td>
<td>Within 6 months from the IP end date or after</td>
<td>Review by:</td>
</tr>
<tr>
<td></td>
<td>the Closure Period end date if the</td>
<td>• Finance Specialist/Portfolio Services Team (PST), who validates the audit</td>
</tr>
<tr>
<td></td>
<td>Closure Period covered in the audit</td>
<td>report, based on the LFA’s review (if applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fund Portfolio Manager, who approves based on the above</td>
</tr>
<tr>
<td>The Closure Period must be covered in the audit only in the following cases:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. the financial risk level is documented and validated (by the Regional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance Manager) in the Integrated Risk Module as high or very high;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. the Grant Closure Budget is more than 10% of the grant budget or more</td>
<td></td>
<td></td>
</tr>
<tr>
<td>than US$ 1 million whichever is lower; and/or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. the previous audit report has a qualified opinion</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Address Financial Commitments and Financial Obligations (within 6 months</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>** from the IP end date)**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay outstanding Financial Commitments and Financial Obligations under the</td>
<td>Within 6 months from the IP end date</td>
<td>Financial Commitments outstanding after 6 months are reviewed by:</td>
</tr>
<tr>
<td>expiring grant as of the IP</td>
<td></td>
<td>• Finance Specialist/PST</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fund Portfolio Manager.</td>
</tr>
</tbody>
</table>
| Requirements                                      | Timeline                               | Review and Approval¹

| end date                                          |                                       | The related Annual Funding Decision and Disbursement will be processed as an exception based on the *OPN on Annual Funding Decision and Disbursements* and upon the signature of a Final Payment Letter by:

- Regional Manager or Department Head
- Regional Finance Manager.

| Address Non-compliant Expenditures and Recoveries (within 9 months from the IP end date) | Within 9 months from the IP end date | Review and approval follows the [Guidelines for Grant Budgeting](#) and OPN on Recovery of Grant Funds²

| Transfer Program Assets                          |                                       | Review by the LFA (if applicable)

**Evidence of program asset transfer**
Evidence that all Program Assets were transferred or disposed in line with the approved Transfer Plan

| Within 6 months from the IP end date            | Review by:

- HPM Specialist, who validates the reported information, based on the LFA’s review (if applicable)
- Finance Specialist/PST, who validates the reported information, based on the LFA’s review (if applicable)

| Approval by:

- Fund Portfolio Manager, who approves based on the above

| C. Finalize Closure (within 7-12 months from the IP end date) |                                       | Remaining funds to be returned to the Global Fund are determined through the review and validation of the financial closure report.

| Determine and Return Remaining Grant Funds        |                                       | Review by the LFA

**Submit and validate the Financial Closure Report which includes the:**
- reconciliation report of the cash balance as at the end of the IP
- expenditures report for the closure period
- updated Financial Commitments and Financial Obligations as at the end of the IP

See [Financial Closure Report Guidelines](#)

| Within 12 months from the IP end date            | Review by:

- Finance Specialist/PST, who validates the reported data, based on the LFA’s review

| Approval by:

- Fund Portfolio Manager, who approves based on the above

| Based on the financial closure report: return the final in-country cash balance | Within 12 months from the IP end date | Remaining funds to be returned to the Global Fund are determined through the review and validation of the financial closure report.

---

¹This is an internal Global Fund document.

²This is an internal Global Fund document.
<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>under the closing grant to the Global Fund.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• address non-compliant expenditures from the Closure Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Formalize Closure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The grant is:</td>
<td>Within 12 months from the IP end date</td>
<td>Regional Manager or Department Head and the Regional Finance Manager approve closure by signing a Notification Letter to be sent to the Principal Recipient. This does not mean that the Principal Recipient’s legal obligations under the Grant Agreement ends. Please refer to section 25 of the OPN on IP Reconciliation and Grant Closures.</td>
</tr>
</tbody>
</table>
13. **Triggers.** This occurs when the CCM and/or the Global Fund decide that several grants implemented by a Principal Recipient are combined into one grant (for example, separate HIV and TB grants are signed into a combined TB/HIV grant) with the same Principal Recipient. If a grant implemented by one Principal Recipient is combined with a grant being implemented by another Principal Recipient, the discontinued grant will be closed using the closure process for the change of Principal Recipient (Section B).

14. **Grant Closure Activities.** The grant closure activities must focus on closing the separate grants and ensuring a smooth transitioning of the activities to the combined grant.

---

### A. PLAN CLOSURE

- Agree on closure approach and timelines

### B. IMPLEMENT CLOSURE

- Complete reporting requirements*
- Address non-compliant expenditures and recoveries**
- Address Financial Commitments and Financial Obligations

### C. FINALIZE CLOSURE

- Determine and return remaining grant funds
- Formalize closure

---

* Except for the Financial Closure Report, and in specific cases the audit report, which are submitted during the ‘Finalize Closure’ stage.

** Non-compliant expenditures and recoveries must be addressed as soon as possible during the ‘Implement Closure’ stage. Depending on timelines agreed with the Global Fund, this activity may extend to the ‘Finalize Closure’ stage.

---

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Plan Closure (6 months before the IP end date)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Country Team prepares and shares the Guidance Letter on grant closure due to consolidation with the Principal Recipient</td>
<td>6 months before the IP end date or as soon as the grant consolidation decision is taken</td>
<td>Fund Portfolio Manager</td>
</tr>
</tbody>
</table>

---

674 The audit report must also cover the ‘Closure Period’ in the following cases: (a) the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high; (b) the Grant Closure Budget is more than 10% of the grant budget or more than US$ 1 million whichever is lower; and/or (c) the previous audit report had a qualified opinion.

675 Review and approval processes may vary depending on the portfolio categorization. Where appropriate in this table, please refer to the Signature Authority Procedure (as amended from time to time). The Signature Authority Procedure is a Global Fund internal document.

---

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### B. Implement Closure (within 6 months from the IP end date)

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Complete Reporting Requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Final Progress Update for the Grant</strong> covering the last year of the IP (including any extensions) which includes the:</td>
<td>Principal Recipient submission due date: Within 2 months from the IP end date</td>
<td>Review by the LFA</td>
</tr>
<tr>
<td>• programmatic and financial progress report for the period from the last progress report to the IP end date</td>
<td></td>
<td>Review by the Country Team:</td>
</tr>
<tr>
<td>• Annual Financial Report (AFR) for the period from the last AFR to the IP end date (including any extensions)</td>
<td></td>
<td>• Finance Specialist/Portfolio Services Team (PST), validates the financial data based on the LFA review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Public Health and Monitoring and Evaluation (PHME) Specialist, validates the programmatic data based on the LFA review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Health Product Management (HPM) Specialist, validates the procurement data based on the LFA review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fund Portfolio Manager approves based on the above</td>
</tr>
<tr>
<td><strong>Final Tax Report for the grant</strong> covering last year of the IP (including any extensions)</td>
<td>Principal Recipient submission due date: 31 July</td>
<td>Review by the LFA (if applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fund Portfolio Manager, who approves based on the above</td>
</tr>
<tr>
<td><strong>Audit Report for the grant</strong> covering the last year of the IP (including any extensions).</td>
<td>Principal Recipient submission due date: Within 6 months from the IP end date</td>
<td>Review by the LFA (if applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Finance Specialist/PST validates the audit report based on the LFA review (if applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approval by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fund Portfolio Manager approves based on the above</td>
</tr>
</tbody>
</table>

**Address Financial Commitments and Financial Obligations**

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>If consolidation happens at the IP end date, Financial Commitments and Financial Obligations must be settled under the closing grant.</td>
<td>Within 6 months from the IP end date</td>
<td>Financial Commitments outstanding after 6 months are reviewed by:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Finance Specialist/PST; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Fund Portfolio Manager.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The related Annual Funding Decision and Disbursement will be processed as an exception</td>
</tr>
</tbody>
</table>
### Requirements

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
</table>
| If consolidation happens mid-implementation, Financial Commitments and Financial Obligations are transferred to the new combined grant | Based on the [OPN on Annual Funding Decision and Disbursements](#) and upon the signature of a Final Payment Letter by:  
  - Regional Manager or Department Head  
  - Regional Finance Manager. | |

### Address Non-compliant Expenditures and Recoveries

- Non-compliant expenditures must be addressed under the closing grant
  - Within 9 months from the IP end date
  - Review and approval follows the [Guidelines for Grant Budgeting](#) and [OPN on Recovery of Grant Funds](#).

### C. Finalize Closure (within 7-12 months from the IP end date)

#### Determine and Take Account of Remaining Grant Funds

- Submit and validate the **Financial Closure Report** which includes the:
  - reconciliation report of the cash balance as at the end of the IP;
  - expenditures report for the Closure Period; and
  - updated Financial Commitments and Financial Obligations as at the end of the IP

See [Financial Closure Report Guidelines](#).

- Principal Recipient submission due date: Within 7.5 months from the IP end date

- Review by the LFA

  - Review by:
    - Finance Specialist/PST, who validates the reported data, based on the LFA’s review
  - Approval by:
    - Fund Portfolio Manager, who approves based on the above

---

676 This is an internal Global Fund document.
### Requirements

<table>
<thead>
<tr>
<th>Return Remaining Grant Funds based on Financial Closure Report:</th>
</tr>
</thead>
<tbody>
<tr>
<td>If consolidation happens at IP end date, the final in-country cash balance is deducted from the grant amount for the new combined grant.</td>
</tr>
<tr>
<td>If consolidation happens mid-implementation, the final in-country balance is transferred to the combined grant.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 12 months from the IP end date</td>
<td>Remaining funds to be deducted or transferred are determined through the review and validation of the Financial Closure Report.</td>
</tr>
</tbody>
</table>

### Formalize Closure

<table>
<thead>
<tr>
<th>The grant is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• financially closed when all steps and requirements have been considered fulfilled or waived by the Global Fund</td>
</tr>
<tr>
<td>• administratively closed when the notification letter has been sent to the Principal Recipient</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Within 12 months from the IP end date</th>
<th>Regional Manager or Department Head and Regional Finance Manager, approve grant closure by signing a Notification Letter to be sent to the Principal Recipient.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This does not mean that the Principal Recipient’s legal obligations under the Grant Agreement ends. Please refer to the section 25 of the OPN on IP Reconciliation and Grant Closures.</td>
</tr>
</tbody>
</table>

### MONITORING AND REPORTING

15. The ongoing closure processes will be monitored by the Grant Portfolio Solutions and Services Department.

16. The following data points will be monitored:
   a. Closures initiated and completed;
   b. Types of closure;
   c. Number of grants for which the initial closure period was extended;
   d. Approach used for the IP Reconciliation or Grant Closure (full or with exceptions to the requirements);
   e. Closure Status. This includes the timeline from IP end date to date when grant is assigned “Financially Closed” and “Administratively Closed” status; and
   f. Amount returned to the Global Fund at grant closure.
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OPERATIONAL POLICY NOTE

Grant Closures

Issued on: 18 December 2014
Purpose: To provide guidance to Country Teams on closing a grant agreement signed with a Principal Recipient.

OVERALL OBJECTIVES

81. When a grant reaches the end of an implementation period or ends following a decision by the Country Coordinating Mechanism (CCM) and/or the Global Fund Secretariat, the grant needs to be closed. The purpose of this OPN on Grant Closures is to describe the process through which grants are closed in an organized, efficient, and responsible manner.

POLICY AND PRINCIPLES

82. Four “basic principles” govern the grant closure process. These principles are the minimum requirements for grant closure. Country Teams must ensure that the grant closure approach adheres to these four principles. Provided that they comply with these principles, Country Teams should differentiate the details of the closure process whenever appropriate based on the specific context of the grant or portfolio. Once compliance with these principles is ensured, the grant closure is finalized through a notification letter to the Principal Recipient.

Principle 1: Grant funds should not be left earmarked in the Global Fund Finance systems and/or with implementers for longer than necessary for the implementation of program activities. In the context of grant closure, this means that Country Teams should ascertain the outstanding grants payable, contingent liabilities are cleared and take necessary steps for the swift return to the Global Fund of any grant funds that have not been expended as of the grant expiry or termination date. Any ineligible expenditures should be pursued unless expressly authorized by Global Fund Senior Management.

Principle 2: When they can no longer be used under the grant for which they have been purchased, grant assets should continue to be used exclusively for the purposes of the fight against the three diseases. In the context of grant closure, this means Country Teams should work with the PR to ensure that all assets purchased with grant funds have been accounted for and appropriately transferred or disposed of.

Principle 3: Country Teams should ascertain the extent to which grants have achieved their strategic objectives, and that there is sufficient assurance over the program to confirm any such achievement. For closure, this means that Country Teams needs to ensure that the PR has submitted all relevant reports to ascertain programmatic and financial achievements of the grant during the last year of implementation and closure period.

Principle 4: All activities conducted with grant funds should be discussed and agreed between the PR and the Global Fund, and are governed by the terms and conditions of the grant agreement. For grant closures, this means that closure activities, associated costs and timelines should be agreed well ahead of the grant end date. Grant funds may be used to finance grant closure activities that are approved in the closure plan and budget. An amendment to the grant agreement via an implementation letter is required for authorization of closure activities beyond the end of the grant.
DIFFERENTIATION

If a Country Team has never completed a closure process before, it is advised that they familiarize themselves with the full closure approach before deciding on areas of differentiation.

83. Country Teams can follow the full approach to closure, or a differentiated approach. Country Teams should differentiate in the following circumstances in particular:

   a. Where the overall materiality of grant closure does not merit or justify following all the elements of the full approach for grant closure, primarily due to cost in terms of level of effort envisaged compared to amount of refunds and related risk involved; or

   b. When the documentation required for the full approach is unavailable, and where Country Team recommends to use other corroborative evidence on cash balances, grant assets, grant or grant closure expenditures, stocks/inventories financed from the grant to facilitate grant closure.

84. The following steps should be followed in deciding on the closure approach:

   a. Based on the circumstances of the grant and available information (e.g. recent cash balance reports, inventory-checks, audits, etc.), Country Teams determine whether incremental work needs to be undertaken prior to closing the grant;

   b. By filling in the Differentiated Grant-Closure Form, Country Teams make clear what elements of the full/differentiated approach will be used;

   c. If a Country Team opts to follow a differentiated closure process, they should discuss and agree on the approach with their Regional Manager or Department Head prior to following it and document it in the Differentiated Grant Closure Form. The Regional Manager or Department Head will involve other Functional Managers (Finance, MECA, HPM, and Legal Grant Management) when their inputs are needed for specific areas pertaining to closure. The form should be signed by the Regional Manager or Department Head;

85. The implementation of the differentiated closure approach will be monitored and reported on. For additional information please see the “Monitoring and Reporting” section below.
**Differentiated Grant-Closure Form (SAMPLE)**

**Principle 1: Ascertain the outstanding in-country cash-balance**, after clearing commitments and liabilities

- **Option 1:** The Country Team believes that the circumstances of this grant do not warrant any / warrant limited additional steps towards addressing the outstanding in-country cash balance.
- **Option 2:** The Country Team believes the **full process for cash** should be followed.

*If Option 1: Brief description of these circumstances and suggested CT approach:*

- Based on the above, the CT recommends requesting the cash balance as already established on ______________ [date] and closing on this basis.

Or:
- Based on the above, the CT recommends not pursuing the recovery of the in-country cash balance and moving towards closure without spending additional effort on recovering cash. The CT has liaised with the Recoveries Team and took this to the Recoveries Committee and ED for write-off (see Recoveries Guidance for additional detail).

**Principle 2: Ensure that all assets purchased with grant funds have been accounted for and transferred or disposed of**

- **Option 1:** The Country Team believes that the circumstances of this grant do not warrant conducting a full inventory of assets or establishment of an “asset transfer plan” prior to grant-closure.
- **Option 2:** The Country Team believes the **full process for assets** should be followed.

*If Option 1: Brief description of the grant’s circumstances and of the Country Team’s approach:*

**Principle 3: Reporting requirements and timelines**

- **Option 1:** The Country Team believes that through the reports mentioned below, they have sufficient assurances about the last year of the program and the closure period. They therefore recommend grant closure without the submission of additional reports.
- **Option 2:** The Country Team believes the **full process for reporting** should be followed for this principle.

*If Option 1: Brief description of the reports and the situation:*

**Principle 4: Planning and financing grant closure**

- **Option 1:** The Country Team has already had the required planning discussions with the PR and CCM and therefore is able to immediately send the grant closure Implementation Letter with agreed high-level milestones rather than a full closure plan and budget.
- **Option 2:** The Country Team believes the full process for **planning and financing closure** should be followed for this principle.

*If Option 1: Brief description of the discussions surrounding milestones for closure:*

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677 This is defined as outstanding cash balance as per GF calculations based on verified PUDRs/other financial reports (after clearing commitments and liabilities, including approved grant closure budget)
FULL CLOSURE APPROACH

86. Types of Grant Closure. The closure approach differs depending on the type of closure involved. There are three types of closure:

a. Closure due to consolidation. This involves the closure of an ongoing grant as a result of a consolidation either with a new grant resulting from a Concept Note or another ongoing grant implemented by the same PR. Under this scenario, following closure of the grant, Global Fund support to the disease/HSS program continues and the contractual relationship with the PR is maintained under a new grant agreement that consolidates activities from the newly closed grant with those under the new grant resulting from a Concept Note or other ongoing grant implemented by the same PR.

b. Closure due to a change in PR. This occurs when the CCM and/or the Global Fund decide to transfer implementation responsibilities of an approved program from one entity to another. Under this scenario, Global Fund support to the disease/HSS program continues but the contractual relationship with a PR is discontinued.

c. Closure due to “transition” from Global Fund financing. This occurs either when
i. a country is not eligible for funding from the Global Fund for a disease component, transition funding is provided. Following completion of the transition funding period, the Global Fund support to the program and contractual relationships with the PR(s) are discontinued; or
ii. the Global Fund decides to no longer support a disease program or a component of a program.

87. Stages of grant closure. Grants go through two primary stages of closure:

b. Financial Closure. A grant enters financial closure on the day after the grant end date. Financial closure focuses on completing financial transactions under the grant such as clearing commitments and liabilities, establishing amounts to be returned to the Global Fund, collecting refunds from PR and other parties. After six months from the grant end date, the creation of new commitments, disbursements and liabilities under the grant will no longer be possible by both the Country Team and PR. The Accounting team in Finance will coordinate the automatic clearing of open grants payable (committed not disbursed) and contingent liabilities (signed not committed) within 30 days of the end of financial closure period (i.e. 7 months from the grant end-date) and no later than a maximum of nine month after grant end-date in exceptional circumstances. In exceptional cases, should a payment of commitments made under the grant term need to be paid beyond 6 months after the grant end date, a final payment letter needs to be undertaken. This letter will summarize the full extent of outstanding payments and will be the last financial interaction between the PR or third party entity and the Global Fund under the grant.

Includes, without limitations, situations where there has been a decision to terminate the contractual relationship with the PR because of credible and substantial findings of fraud; or when an international organization is handing over its role as PR to a local entity.
c. In the event the Country Team anticipate delays in the establishment the disbursements required for program activities and payment to other third parties, Finance should be notified in writing on grantPO@theglobalfund.org to delay the automatic clearing of undisbursed balances in GFS.

d. A grant is assigned a “financially closed” status when all refunds have been received. This status would end all normal financial obligations between the Global Fund and the Principal Recipient under the Grant agreement.

e. Administrative closure. A grant is considered administratively closed when all liabilities and commitments have been fulfilled, cancelled or transferred, all cash and non-cash assets have been accounted for and appropriately transferred or returned and all reporting requirements have been met to the satisfaction of the Global Fund.

f. The Country Team confirms both financial and administrative closure through a notification letter sent to the PR confirming that the cash balance has been received and all closure requirements have been satisfactorily met. The Country Team updates the grant management system when a grant is closed.

<table>
<thead>
<tr>
<th>Type</th>
<th>Financially Closed</th>
<th>Administrative Closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidation</td>
<td>Immediately, with the signature of the new grant</td>
<td>6 months</td>
</tr>
<tr>
<td>Change in PR</td>
<td>Three months*</td>
<td>3 months following the submission of the Audit Report*</td>
</tr>
<tr>
<td>“Transition”</td>
<td>6 months</td>
<td>12 months*</td>
</tr>
</tbody>
</table>

* these timeframes are indicative. Country Teams should strive to complete these phases as soon as possible.

88. Closure Activities. While guided by the “basic principles” above, grant closure should generally focus on the following activities. The detailed approach will depend on the type of closure and the specific circumstance of the grant being closed:

a. Clearing commitments under the closing grants. Outstanding commitments should be cleared under the closing grants.

b. Clearing recoverable amounts between the Global Fund and the PR. When applicable, amounts to be recovered from the PR due to ineligible expenditures and verified claims of the PR for reimbursements must be addressed in accordance with Global Fund policies for addressing recoveries and ineligible expenditures.

c. Determining and transferring or returning cash balances and undisbursed funds. Funds required for closure (i.e., clearing outstanding commitments and liabilities and other closure activities) must be determined. Remaining cash balance and undisbursed funds should be returned to the Global Fund.

d. Accounting and transferring/disposing non-cash assets under a closing grant. All remaining health products with valid shelf life (i.e., health products procured less than three years from grant end date) as well as equipment and infrastructure that are in working condition as of the
grant end date must be accounted for by the PR and the transfer of assets agreed with the Global Fund to ensure that the assets are used to fight the three diseases.

e. **Completing reporting requirements.** PR must submit the programmatic report, annual financial report, and audit report for the last year of the grant and the grant closure period as applicable.

89. Service delivery or programmatic activities should typically stop by the grant end date. In limited cases, time-limited, programmatic activities after the grant end date may be allowed to facilitate the completion of discrete projects that have already been substantially started (for example, the distribution of bed nets already delivered, or delivery of drugs that have already been procured under the program term and that may have faced delays in arriving in country). This should be clearly documented in the closure plan and budget and should be approved by the Regional Manager or Department Head when signing the Implementation Letter approving the closure plan and budget.

**Planning and Financing Grant Closure**

90. Grant closure should be planned well ahead of the grant end date. The Country Team and PR must agree on the approach and requirements for grant closure and establish deadlines for the completion of agreed closure activities. The approach and timelines including budget required should be documented through a closure plan and budget endorsed by the CCM and reviewed by the Country Team. Grant funds may be used to finance grant closure activities that are approved in the closure plan and budget. Once agreed, the closure plan and budget (link forthcoming) should be signed into the grant agreement through an Implementation Letter.

91. **For Closures Due to Consolidation.** Closure of existing grants should be planned as a part of grant making. No separate closure plan and budget is required.

92. **For Closures Due to Change in PR.** Existing arrangements that are essential for continuity of programmatic activities must be maintained or properly transferred. It is the responsibility of the PR to take all appropriate and necessary actions to ensure that the PR and each SR cooperates fully with the Global Fund and/or the CCM to facilitate any necessary transfers. The closure plan should focus on how the program will transition from the outgoing entity to the incoming PR. In addition to the closure activities, the transition plan should include the following considerations if applicable:

   a. **Contracts for Continuing Services:** The outgoing PR and the incoming PR should work together to determine if existing contracts for services should be assigned or if they should be terminated by the outgoing PR and re-negotiated by the new PR. Assignment of contracts may be appropriate if favorable terms have been negotiated under renewable or requirements contracts. Existing contract terms and contract termination provisions may be analyzed by the PR with the PR’s counsel, as appropriate.

   b. **Contracts with Pending Delivery of Goods:** If an outgoing PR has contracts for procurement of goods, which have not yet been delivered, the Country Team should consider if it is more efficient for the outgoing PR to receive and transfer the goods. Factors which favor such arrangement are: (i) time delays resulting from the termination of the supplier contract, re-execution and re-order of the goods by the entering PR (particularly important for critical health products); and (ii) tax benefits that may be gained from PR’s tax exempt status. If the outgoing PR continues to serve as PR for receiving an outstanding

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679 Article 10.1 of the Grant Regulations.
680 The Global Fund and the Global Fund’s legal department do not represent the PR in legal matters. The PR should seek independent legal counsel for any contractual arrangements, as appropriate and to the extent necessary by the PR.
shipment, arrangements should be put in place with the entering PR to jointly address non-conforming goods and transfer arrangements.

c. **Sub-Recipient Agreements:** Outgoing and entering PRs should ensure that Sub-recipients that will continue under the program are maintained under contractual arrangements. This may be through an assignment from PR to the entering PR, or a simultaneous termination and execution of SR agreements on a set closing date. The transfer of sub-recipients must be coordinated to ensure that they remain under contract at all times. The particular terms of transfer will depend on the circumstances of each case. If relevant, cash balances at the SR level may also be documented in the transition plan.

d. **Inventory:** The PR should complete an inventory of non-cash assets under the closing grant that will be transferred to and managed under the grant signed with the incoming PR.

e. **Any pending activities:** In limited cases, time-limited, programmatic activities that cannot be transferred to the incoming PR may be allowed to facilitate the completion of discrete projects that have already been substantially started (for example, the distribution of bed nets already delivered, or delivery of drugs that have already been procured under the program term and that may have faced delays in arriving in country).

93. **For Closures due to transition from Global Fund financing.** The closure plan should focus on how the program will be continued and sustained using country resources and the completion of the closure activities.

94. **Sub-recipient closures.** The Global Fund has a direct contractual relationship with the PR. It is the sole responsibility of the PR to provide for closure of SR grant agreement. The PR must ensure that the SRs complete activities and submit information in a timely manner so that the PR is able to comply with the grant closure requirements by the Global Fund.

95. **Escalating Issues:** Should Country Teams face significant challenges, which prevent them from progressing on the grant closure, they should escalate these issues to their Regional Managers (and subsequently to Senior Management, as necessary) as soon as possible to facilitate resolution of issues.

**Determining and Recovering In-Cash Balances:**

96. **For Closures Due to Consolidation.** When a grant is being consolidated with a new or ongoing grant, the Country Team should focus on rapidly determining in-country cash balances and undisbursed funds under the closing grant. These will be transferred to the new grant after setting aside funds required to settle outstanding commitments and liabilities under the closing grants. Once the new grant agreement is signed, the old grant is considered financially closed.

97. **For closures due to PR change.** When a grant is being closed due to a change in PR, the focus should be on rapidly determining in-country cash balances, including at SR level, and undisbursed funds under the closing grant. These will be transferred to the new grant after setting aside funds required to settle outstanding commitments and liabilities under the closing grants. Given the goal of facilitating a smooth change between PRs, all activities associated with the closure of the former PR’s grant should be complete within 3 months of the grant end date.
98. For closures due to transition from Global Fund financing. During the 6 months following the grant end date, the PR and Country Team should ensure that all outstanding commitments that were made during the grant lifetime are paid. Grants will be considered financially closed 6 months following the grant end date following which time further disbursements cannot be made to the PR.

99. The Country Team cannot close a grant by waiving known ineligible expenditures, known unutilized or outstanding cash balances, or closure steps that will likely to lead to such ineligible expenditures or unutilized cash balances being identified (e.g., waiving audit while knowing that an audit would lead to identification of ineligible expenditures). Waivers or write-offs of ineligible expenditures/refunds/outstanding cash balances should be submitted and approved by the Recoveries Committee.

Transferring or disposing of assets

100. For Closures Due to Consolidation. Where the grant is being closed but implementation continues with the same PR under a new grant number, the PR should focus on completing an inventory of non-cash assets under the closing grant that will be transferred into the new grant. In these instances, the PR shall maintain ownership over the assets, but in conducting the inventory, will have clear documentation of the assets to be managed under the new grant. The timing for completion of this activity should be discussed and agreed between the Country Team and the PR.

101. For closures due to PR change. When the implementation responsibilities are being transferred to another entity, the outgoing PR should complete an inventory of non-cash assets that will be transferred to the new PR. The outgoing PR must transfer all non-cash assets procured under the grant to the new PR using appropriate transfer or assignment agreements.

102. For closures due to transition from Global Fund financing. The country should undertake an inventory of non-cash assets procured under the grant (where relevant) and must seek approval of the Global Fund for the disposal or transfer of these non-cash assets to national entities to be used for the fight against the three diseases.

Fulfilling reporting Requirements

103. In order for a grant to be considered administratively closed, all reporting requirements need to be met (in addition to all liabilities and commitments have been fulfilled, cancelled or transferred, all cash and non-cash assets have been accounted for and appropriately transferred or returned.) This section outlines the reporting requirements for each type of closure.

104. For Closures Due to Consolidation. Once the new grant agreement is signed, the PR should submit the following routine reports related to the old grant as per the outlined timelines. The grant is administratively closed when the Global Fund has completed the review and approved the reports.

a. Programmatic Progress Report: The PR should submit report(s) on the progress towards program objectives and targets covering from the last Progress Update date until the day before the new NFM grant start date for the constituent grant(s) no later than 60 days after the end of the reporting period agreed for the constituent grant(s).

b. Annual Financial Report (AFR): The PR should submit AFR(s) for the constituent grant(s) covering the period from the last submitted AFR up to the last day before new grant start

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682 The relevant reports should be submitted as per the timeline agreed up on the original constituent grant agreement’s and should not delay the first disbursement of NFM agreement.
date, no later than 60 days after the end of the reporting period agreed for the constituent grant(s).

c. **Audit Report**: The PR should submit audit report(s) for the constituent grant(s) covering the audit of financial statement(s) up to the last day before new grant agreement start date, as per the timeline agreed up-on the original constituent grant agreement(s). However, if the financial statement of the constituent grant(s) to be audited covers less than six months, these periods can be audited with the first audit for the NFM grant.

d. **Inventory**: The PR should complete an inventory of non-cash assets under the closing grant that will be transferred to and managed under the new grant.

105. **For closures due to PR change.** As the new grant is negotiated and signed with the new PR, the outgoing PR should submit the following routine reporting documents. The grant is administratively closed when the Global Fund has completed the review and approved the reports.

a. **Programmatic Progress Report**: The PR should submit programmatic progress report for the period from the last progress report to grant end date, no later than 60 days after the grant end date.

b. **Annual Financial Report (AFR)**: The PR should submit AFR(s) covering the period from the last submitted AFR up to the grant end date, no later than 60 days after the grant end date.

c. **Audit Report**: The PR should submit audit report covering the audit of financial statement(s) up to the grant end date, as per the timeline agreed in the grant agreement.

d. **Financial Report for the Closure Period**: The PR should submit a financial report covering expenditures during the closure period.

106. **For closures due to transition from Global Fund financing.** During the 12 months following the grant end date, the PR should work to closing the grant including completing reporting requirements and returning all outstanding cash balances. The grant is administratively closed when the Global Fund has completed the review and approved the reports. The PR is required to submit the following routine reports:

a. **Programmatic Progress Report**: The PR should submit programmatic progress report for the period from the last progress report to grant end date, no later than 60 days after the grant end date.

b. **Annual Financial Report (AFR)**: The PR should submit AFR(s) covering the period from the last submitted AFR up to the grant end date, no later than 60 days after the grant end date.

c. **Audit Report**: The PR should submit audit report covering the audit of financial statement(s) up to the grant end date, as per the timeline agreed in the grant agreement.

d. **Financial Report for the Closure Period**: The PR should submit a financial report covering expenditures during the closure period.

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**MONITORING AND REPORTING**

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683 Enhanced Financial Report (EFR) for existing grant that have not transitioned to the new funding model.
107. The use of the differentiated approach for closures will be monitored and reported to the EGMC by the Operational Support Team. Reports will be generated once a month for the first six months following the approval of this approach, and then on a quarterly basis thereafter.

108. The following information will be reported:
   a. Number of grant closures completed;
   b. Type of grant closure;
   c. Approach used (differentiated or full);
   d. Timeline from grant end date to date when grant is assigned “financially closed” and “administratively closed” status; and
   e. Amount returned to the Global Fund at grant closure.
Annex 2: Grant Closure Process:

### Closure due to consolidation with existing grant or through Concept Note:

<table>
<thead>
<tr>
<th>Seq. No</th>
<th>Actors</th>
<th>Process Description</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Closure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>PR and CT</td>
<td>New grant negotiated with PR</td>
<td>grant agreement for continuing NFM grant</td>
</tr>
<tr>
<td>2.</td>
<td>CT</td>
<td>Existing grants closed through signature of new grant</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>PR</td>
<td>Reporting requirements completed</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>CT</td>
<td>CT updated systems to reflect final results reported by the PR; GF systems updated to financial and administrative closure and fully closed grant</td>
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</table>

### Closure due to change in PR

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<th>Seq. No</th>
<th>Actors</th>
<th>Process Description</th>
<th>Output</th>
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<tr>
<td><strong>Closure</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>CT</td>
<td>CT provides PR with guidance on grant closure 6 months before grant end date [with differentiation if applicable]</td>
<td>Grant closure guidance document from CT</td>
</tr>
<tr>
<td>2.</td>
<td>PR</td>
<td>PR proposes grant closure/ transfer arrangements/budget</td>
<td>Transfer plan</td>
</tr>
<tr>
<td>3.</td>
<td>CCM</td>
<td>CCM endorses transfer plan and arrangements/budget</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>LFA</td>
<td>LFA reviews transfer plan, where relevant</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>CT</td>
<td>CT reviews and approves plan</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>CT</td>
<td>Prepares implementation letter signing the grant closure plan and budget into the grant agreement authorizing activities after the grant end date.</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>PR</td>
<td>PR implements transfer /closure plan</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>PR</td>
<td>Sends back refunds, Submits final reports</td>
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</tr>
<tr>
<td>9.</td>
<td>CT</td>
<td>CT sends final notification letter informing of closed grant</td>
<td>Notification letter</td>
</tr>
<tr>
<td>10.</td>
<td>CT</td>
<td>CT updated systems to reflect final results reported by the PR; GF systems updated to financial and administrative closure and fully closed grant</td>
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## Closure due to Transition:

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<tr>
<td>1</td>
<td>CT</td>
<td>CT provides PR with guidance on grant closure 6 months before grant end date [with differentiation if applicable]</td>
<td>Grant closure guidance document from CT</td>
</tr>
<tr>
<td>2</td>
<td>PR</td>
<td>PR proposes grant closure plan and arrangements/budget</td>
<td>Grant closure plan and budget</td>
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<tr>
<td>3</td>
<td>CCM</td>
<td>CCM endorses closure plan and arrangements</td>
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<tr>
<td>4</td>
<td>LFA</td>
<td>LFA reviews closure plan, where necessary</td>
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<tr>
<td>5</td>
<td>CT</td>
<td>CT reviews and approves plan</td>
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</tr>
<tr>
<td>6</td>
<td>CT</td>
<td>Prepares implementation letter signing the grant closure plan and budget into the grant agreement authorizing activities after the grant end date.</td>
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<tr>
<td>7</td>
<td>PR</td>
<td>PR implements closure plan</td>
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<tr>
<td>8</td>
<td>PR</td>
<td>Sends back refunds, Submits final reports</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>CT</td>
<td>CT sends notification letter informing of closed grant</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>CT</td>
<td>CT updated systems to reflect final results reported by the PR; GF systems updated to financial and administrative closure and fully closed grant</td>
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### OPM Version History

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<th>Remarks</th>
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| 26 October 2023    | Issue 2.45  
Revised:  
- OPN on Annual Funding Decisions and Disbursements  
- Operational Procedures on Annual Funding Decisions and Disbursements |
| 20 September 2023  | Issue 2.44  
Revised:  
- OPN on Oversee Implementation and Monitor Performance |
| 13 July 2023       | Issue 2.43  
Revised:  
- 2020-2022 Portfolio Categorization Table |
| 29 June 2023       | Issue 2.42  
Revised:  
- OPN on Make, Approve and Sign Grants |
| 31 March 2023      | Issue 2.41  
Revised:  
- OPN on Make, Approve and Sign Grants  
- Operational Procedures on Make, Approve and Sign Grants |
| 16 March 2023      | Issue 2.40  
Added:  
- OPN on Strategic Initiatives Design, Approval, Implementation and Closure  
Revised:  
- OPN on Grant Entity Data  
- Operational Procedures on Grant Entity Data |
| 16 January 2023    | Issue 2.39  
Added:  
- 2023-2025 Portfolio Categorization Table  
Revised:  
- OPN on Design and Review Funding Requests  
Operational Procedures on Design and Review Funding Requests |
| 9 November 2022    | Issue 2.38  
Revised:  
- 2020-2022 Portfolio Categorization Table |
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<td>26 August 2022</td>
<td>2.37</td>
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<td>- OPN on Annual Funding Decisions and Disbursements</td>
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<td>- Operational Procedures on Annual Funding Decisions and Disbursements</td>
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<td>- OPN on Grant Entity Data</td>
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<td></td>
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15 December 2014

Issue 2.5

Added:
- OPN on Counterpart Financing
- OPN on M&E Systems Strengthening and Data Quality
- OPN on Signing and Amending Grant Agreements
- OPN on Grant Closure

Removed:
- OPN on Grant Renewals
- Non-National Entities as Principal Recipient

19 November 2014

Issue 2.4

Added:
- OPN on Grant-Making and Approval

Removed:
- OPN on Accessing Global Fund Financing
- OPN on Transition to Single Streams of Funding
- OPN on Implementing MOU with GLC Revised:
- OPN on Extending Grant Implementation Periods
- OPN on Conditions and Management Actions
- OPN on Implementing the Quality Assurance Policies for Pharmaceutical, Diagnostics and Other Health Products
- OPN on Additional Safeguard Policy

14 October 2014

Issue 2.3

Removed:
- OPN on Continuity of Services

25 September 2014

Issue 2.2

Revised:
- OPN on Annual Funding Decisions and
- Disbursements

25 June 2014

Issue 2.1

Added:
- OPN on Pooled Procurement Mechanism
- OPN on Pre-Financing Grant Making and Start- Up Activities
- OPN on Supplier Misconduct

Removed:
- OPN on Voluntary Pooled Procurement
- OPN on Pre-allocation of Grant Funds to
- Principal Recipients

9 April 2014

This is version 2.0 of the Operational Policy Manual. It is now organized by the grant lifecycle and streamlined to focus on operational policies that remain relevant under the new funding model as well as those policies that remain applicable to existing grants that have not yet transitioned. Information Notes and Guidance Documents have been removed and embedded in the relevant part of the Global Fund website.