



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

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**Attachment 1**

## Table of Contents

Section 1: Guidelines on the Purpose, Structure, Composition and Funding of Country Coordinating Mechanisms and Requirements for Grant Eligibility.

Section 2: Income Level and Cost-Sharing Eligibility Criteria for Proposals for Funding from the Global Fund.

Section 3: Phase 2 Policies and Procedures.

## **Section 1: Guidelines on the Purpose, Structure, Composition and Funding of Country Coordinating Mechanisms and Requirements for Grant Eligibility<sup>1</sup>**

### **Part 1: Introduction**

1. The purpose of the Global Fund is to attract, manage and disburse additional resources through a new public-private partnership that will make a sustainable and significant contribution to the reduction of infections, illness and death, thereby mitigating the impact caused by HIV/AIDS, tuberculosis and malaria in countries in need, and contributing to poverty reduction as part of the Millennium Development Goals (MDGs).
2. In accordance with the Framework Document approved by its Board, the Global Fund finances programs, among others, that:
  - Focus on the creation, development and expansion of partnerships among all relevant players within a country, and across all sectors of society, including governments, NGOs, civil society, multilateral and bilateral agencies and the private sector;
  - Strengthen the participation of communities and people, particularly those affected by the three diseases;
  - Build on existing coordination mechanisms, and promote new and innovative partnerships where none exist;
  - Encourage transparency and accountability; and
  - Aim to eliminate stigmatization of and discrimination against those infected and affected by HIV/AIDS, especially for women, children and vulnerable groups.
3. The Global Fund recognizes that only through a country-driven, coordinated and multi-sector approach involving all relevant partners will additional resources have a significant impact on the reduction of infections, illness and death from the three diseases. Thus, a variety of actors, each with unique skills, background and experience, must be involved in the development of proposals and decisions on the allocation and utilization of Global Fund financial resources. To achieve this, the Global Fund expects grant proposals to be coordinated among a broad range of stakeholders through a Country Coordinating Mechanism (CCM), and that the CCM will monitor the implementation of approved proposals.
4. The principles outlined in this document can serve as a self-assessment tool for CCMs and to facilitate an understanding among partners of the vision of the Global Fund.

### **Part 2: Principles for CCMs**

5. According to its Framework Document, the Global Fund finances programs that reflect national ownership and respect country partnership-led formulation and implementation processes that build on, complement and co-ordinate with existing regional and national programs in support of national policies, priorities and partnerships. Wherever possible, CCMs should build on and be linked to existing mechanisms for planning at the national level and be consistent with national strategic plans. CCMs could, for example, build on national programs for the specific diseases (e.g., National AIDS Councils, Roll Back Malaria Committees and National Steering Committees

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<sup>1</sup> For ease of reference, all changes from the previous Board-approved CCM Guidelines are indicated in strikethrough or underline format.

on TB Control) and National Health Strategies and be linked to broader national coordination efforts including Poverty Reduction Strategies (PRS) and Sector Wide Approaches (SWAs).

6. Membership in the CCM should be broadly representative of a variety of stakeholders, each representing an active constituency with an interest in fighting one or more of the three diseases. Each constituency brings a unique and important perspective, thus increasing the probability of achieving measurable impact against the diseases. Representation of a gender perspective in the CCM is desirable. The role and function of each player within the partnership of the CCM will be agreed upon by the mechanism, safeguarding equity and transparency among partners.

### **Part 3: Roles and Responsibilities**

7. As the representative of all interested stakeholders at the national level for grants received from the Global Fund, CCMs are instrumental in developing proposals and overseeing the utilization of Global Fund resources. Therefore, the role of the CCM is to:
  - Coordinate the submission of one national proposal for funding, drawing on the strengths of various stakeholders to agree on strategy, identify financing gaps in achieving the strategy based on existing support, prioritize needs, and identify the comparative advantages of each proposed partner;
  - Select one or more appropriate organization(s) to act as the Principal Recipient(s) (PR) for the Global Fund grant;
  - Monitor the implementation of activities under Global Fund approved programs, including approving major changes in implementation plans as necessary;
  - Evaluate the performance of these programs, including of Principal Recipient/recipients in implementing a program, and submit a request for continued funding prior to the end of the two years of initially approved financing from the Global Fund; and
  - Ensure linkages and consistency between Global Fund assistance and other development and health assistance programs in support of national priorities, such as PRS or SWAs.
8. Given its important role in ensuring the success of implementing proposals approved by the Global Fund, a CCM and its members accept the following responsibilities:
  - A CCM should function as a national consensus group to promote true partnership in the development and implementation of Global Fund supported programs and be fully transparent in its decision making.
  - All members of a CCM should be treated as equal partners in the mechanism, with full rights to participation, expression and involvement in decision-making in line with their areas of expertise.
  - CCM members representing the non-government sectors must be selected/elected by their own sector(s) based on a documented, transparent process, developed within each sector.
  - The government representatives on the CCM should be mandated by, represent the views of and report back to, the senior leadership of the government.
  - A CCM should be responsive to all national stakeholders. Individual members should hold regular meetings with their constituents to ensure that representative views and concerns are expressed in the national forum.

- A CCM should ensure that all relevant actors are involved in the process and provide transparency to the general public. As such, it is responsible for ensuring that information related to the Global Fund, such as Calls for Proposals, decisions taken by the CCM, and detailed information on approved proposals for funding, is disseminated widely to all interested parties in the country.
- A CCM should determine the details of its functioning, including organizational structure, election procedures, frequency of meetings, terms of reference, etc.

#### Part 4: Structure

9. Each CCM should elect a Chair and a Vice Chair in accordance with the election procedures determined by its members. It is recommended that CCMs elect a Chair and Vice Chair from different sectors and that the CCM Chair and Vice Chair be from domestic entities. The election of other officers and the development of the organizational structure should be at the discretion of the CCM, considering the local context. CCMs should remain of a manageable size in order to work and discharge responsibilities effectively. Each CCM should document its organizational structure to ensure transparency.

#### Part 5: Composition

10. The Global Fund recognizes the importance of national contexts, customs and traditions, and therefore does not intend to prescribe specific CCM compositions. However, in accordance with its guiding principles, the Global Fund expects CCMs to be broadly representative of all national stakeholders in the fight against the three diseases. In particular, the Global Fund encourages CCMs to aim at a gender balanced composition. The CCM should therefore be as inclusive as possible and seek representation at the highest possible level of various sectors of all key stakeholders that are relevant in the fight against the three diseases in the national context.
11. In order to ensure vulnerable and marginalized groups are adequately represented, the Global Fund strongly encourages CCMs to consider how to improve the representation and participation of representatives from such groups on the CCM, taking into account the scale of the national epidemic of the three diseases and the key affected populations<sup>2</sup> in the national context.
12. The Global Fund recommends that:
  - All countries strive to include the following actors in their CCMs:
    - Academic/Educational Sector;
    - Government;
    - NGOs/Community-Based organizations;
    - People living with HIV/AIDS, TB and/or Malaria;
    - Key Affected Populations;
    - Private Sector;
    - Religious/Faith-Based organizations;
    - Multilateral and Bilateral Development Partners in-country.

<sup>2</sup> UNAIDS defines affected populations as follows: women and girls, youth, men who have sex with men (MSM), injecting and other drug users, sex workers, people living in poverty, prisoners, migrant laborers, people in conflict and post-conflict situations, refugees and internally displaced persons. This definition relates, in principle, to vulnerable groups affected by HIV and AIDS but may be extended to tuberculosis and malaria, whereby youths, particularly infants, migrants and people living in poverty are considerably susceptible to the two diseases, whether directly or indirectly.

- The membership of the CCM comprise a minimum of 40 % representation of the non-government sectors such as NGOs/community based organizations, people living with the diseases, key affected populations, religious/faith-based organizations, private sector, academic institutions (see Annex 1 on “the types of civil society and private sector representation most relevant to the work of CCMs”).
  - All CCMs submit annually to the Global Fund Secretariat, for publication on its web site, the CCM membership list with member’s name, organization, sector and to make this list public in-country.
  - CCMs include representation from state/provinces/districts either through direct geographical representation in national CCMs or through mechanisms such as sub national CCM, or state/province-level committees.
13. The Global Fund requires all CCMs to show evidence of membership of people living with and/or affected by the diseases.
14. The role of the United Nations agencies, multilateral and bilateral agencies and other development agencies in the CCM should be country partnership-driven and reflect the roles of these partners in AIDS, TB, and malaria programs in-country.

## **Part 6: Operationalization of CCM Principles**

15. The Global Fund Secretariat will serve as the lead advisor to the Technical Review Panel (TRP) and to the Board on confirming the establishment and functioning of CCMs. The Secretariat will collect information on CCMs throughout the year and prior to the proposal reviews by the TRP. CCMs are required to put in place and maintain a transparent, documented process to:
- Solicit and review submissions for possible integration into the proposal;
  - Ensure the input of a broad range of stakeholders, including CCM members and non-members, in the proposal development and grant oversight process.
- As part of the eligibility screening process for proposals, the Secretariat will review supporting documentation setting out the CCM’s proposal development process and the submission review process as well as the minutes of the meeting where the CCM decided on the elements to be included in a proposal.
16. CCMs are required to put in place and maintain a transparent, documented process to nominate the Principal Recipient(s) and oversee program implementation. The Secretariat will, as part of the proposal screening process, review the documentation setting out the nomination process and the minutes of the CCM meeting on the nomination of one or more Principal Recipients (PRs).
17. It is recommended that all proposals include a plan for obtaining technical assistance as needed to strengthen CCM functioning and for capacity building in fulfilling its responsibilities for oversight of program implementation and for Principal Recipient/sub-Recipient capacity building in fulfilling their responsibilities for proposal implementation and in Monitoring and Evaluation. It is also recommended that CCMs facilitate the development of a single national technical assistance framework for Global Fund-related processes and activities.

18. The CCM shall develop tools and procedures for overseeing proposal implementation. These should include, but need not be limited to:
- The establishment and implementation of criteria for the nomination of Principal Recipients and sub-Recipients;
  - The recording of all key CCM oversight actions, including the nomination of Principal Recipients, the development of CCM feedback arising from review of periodic reports, the review of information arising from implementation monitoring visits, and the approval of decisions made on implementation status, such as requests for reprogramming;
  - The development of a communication strategy for the dissemination of CCM decisions and for regular sharing of information on grant implementation status with all CCM members and relevant stakeholders, in keeping with the Global Fund principle of transparency;
  - The development of a CCM oversight work plan, coordinated with the PR, which could include:
    - i. Periodic CCM site visits and the regular submission and review of PR periodic reports;
    - ii. Facilitation by the CCM of technical assistance through partners – academia, multi/bilateral, civil society, private sector - to the CCM for the strengthening of its functions and to the PR to address implementation issues; and
    - iii. Systems analysis and strategic planning review to ensure coordinated implementation, monitoring and evaluation with national and other donor funded programs, and to the harmonization of program activities with other on-going programs and the timely request for reprogramming of activities if needed.
  - The development of a mechanism to ensure that follow-up action, as needed, will be taken where the CCM review of periodic progress reports indicate discrepancies with observed program results.

Since CCMs vary from country to country and are in different stages of their evolution, the proposed guidelines can be adapted and implemented in a phased manner to meet the specific needs and contextual situation of the CCMs.

19. Before the end of the two years of initially approved funding, the CCM will assess implementation progress and submit a request for continued funding to the Global Fund. The request for continued funding should include consolidated information for the first 18 months of the program and the objectives, targets, and requested funding for up to three additional years of financing from the Global Fund. The CCM should also provide complementary information to support the request, including a country profile on key health indicators related to the three diseases, as relevant; a description of the functioning of the CCM, including partnerships brought about among different constituencies; linkages established between the program and other national initiatives/programs; and the level of and distribution of other financial resources at the country level to the three diseases and broader related purposes.
20. Through the Grant Agreement with the Global Fund, Principal Recipients are obliged to keep the CCM continuously informed about proposal implementation progress. PRs should provide periodic reports to the Global Fund and to the CCM with programmatic and financial progress updates and an estimate of the usage of the grant proceeds by different CCM constituencies. CCMs are expected to forward to the Global Fund minutes of their meetings as related to Global Fund issues and information on membership changes. For the sake of transparency, major dissents to decisions taken should be reflected in the minutes.
21. To avoid conflict of interest, it is recommended that PRs and Chairs or Vice Chairs of CCMs not be the same entity. When the PRs and Chair or Vice Chairs of the CCM are the same entity, the

CCM must have a written plan in place to mitigate against this inherent conflict of interest. This plan must be documented and made public to ensure the highest levels of transparency and integrity. This plan should include, at a minimum, that the PR, or prospective PR, shall reclude itself from participation at the CCM meeting and shall not be present during deliberations or decisions related to the CCM's monitoring and oversight of the PR, such as decisions related to:

- the selection of the PR;
- PR renewal for Phase 2;
- a substantial reprogramming of grant funds; and
- those that have a financial impact on the PR, such as contracts with other entities, including sub-recipients.

22. The Secretariat will take specific steps to collect information on the functioning of CCMs and to disseminate this information. Individual CCM members are free to communicate their views on design or implementation issues with other CCM colleagues or with the Secretariat, on a confidential basis if necessary, to register problems and complaints, and identify weaknesses in CCM functioning as described in the principles of the Fund. At the same time, the Fund Portfolio Managers will ensure that this process contributes to promoting true partnership and trust among the CCM members and between the Fund Portfolio Managers and the CCMs. While respecting confidentiality where confidentiality has been requested, portfolio managers would have the right to inform themselves on the issue through queries to other CCM members, and if necessary tasking the LFA to determine the accuracy of the complaint. The Board requests CCMs to work closely with national authorities within the framework of the Three Ones and harmonization efforts.

23. The Secretariat will also disseminate information on resources available from different sources to improve the functioning of CCMs, including financial support and technical assistance. The Secretariat will work closely with partners (multi/bilateral partners, private sector) to facilitate and coordinate the provision of resources to support CCM secretariat functioning.

~~24. In countries where partner support for CCMs is not available, the Board approves the use of grant funds to provide CCM support, provided that funding is limited to two years and meets the following terms and conditions.~~

- ~~• Eligible costs shall be limited to the following items:
  - ~~○ Salary of staff. (Number of staff to be supported will be determined by size of grant and number of components);~~
  - ~~○ Office administrative costs (phone, fax, postage, stationary, photocopy);~~
  - ~~○ CCM meeting costs, including travel cost for CCM for non-governmental members (up to 6 meetings per year);~~
  - ~~○ Communication and information dissemination costs for sharing key information (e.g., call for proposals, periodic reports of implementation status, minutes of meetings) which may include the costs of establishing and updating of website or newsletter;~~
  - ~~○ Facilitation costs associated with constituency consultation and processes to promote stakeholder participation; and~~
  - ~~○ Translations of key information to promote participation by all stakeholders.~~~~
- ~~• The size of grants and the number of components overseen by a CCM will be used as criteria to determine the total amount of its eligible funding.~~
- ~~• Funded costs must be consistent with national salary scales and local operating costs.~~
- ~~• The proposal must include a sustainability plan for financial support to the CCM after the first two years of grant support.~~

- ~~The proposal should show co-finance or in-kind support from in-country partners.~~
- ~~Disbursement and activity reports of CCM support funding must be provided to the Global Fund on an agreed periodic basis. These reports will be subject to LFA review and verification.~~

## **Part 7: CCM Funding Policy**

### **Overview of CCM Funding**

24. The Global Fund recognizes the important role of Country Coordinating Mechanisms<sup>3</sup> (“CCMs”) in the Global Fund architecture (including its central role in proposal development and submission and grant oversight) as outlined in the Global Fund’s Fiduciary Arrangements for Grant Participants. In order to fulfill their responsibilities, CCMs inevitably incur administrative costs and may not have the independent resources to cover these costs.
25. The Global Fund has established a separate pool of funds to finance CCM costs through a direct line item in the Secretariat’s budget. CCMs may no longer draw directly from approved grant funds to support CCM costs except in the situation where the CCM’s request for funding for administrative costs for up to two years was approved by the Global Fund Secretariat prior to 13 November 2007. Such CCMs may continue to use grant funds to support CCM costs until the end of the approved term of such CCM funding and may then apply for continued funding to begin upon expiry of the approved term.
26. The CCM Funding Policy will be administered by the Secretariat under the oversight of the Portfolio Committee.

### **Parameters for CCM Funding**

27. CCMs may receive funding as long as there is at least one active grant under implementation.
28. Funding requests may be submitted annually. There is no limit to the number of times that a CCM may apply for funding.
29. In considering a request for CCM funding, the Global Fund Secretariat will take into consideration:
- i. The size of grants and the number of components overseen by a CCM
  - ii. Whether the costs to be supported are consistent with national salary scales and local operating costs.
30. CCMs may apply for funding of up to US\$ 43,000 annually for administrative costs as described in paragraph 5 below. Exceptions to this ceiling may be permitted by the Secretariat (within the overall CCM funding ceiling approved by the Board), in particular in the case of RCMs.. In most cases, the Global Fund expects that in-country donors would work to meet the costs of any additional budgetary support needs<sup>4</sup>.

<sup>3</sup> For the purposes of this policy, the term Country Coordinating Mechanisms or “CCMs” includes regional CCMs and sub-CCMs. Regional Coordinating Mechanisms (“RCMs”) and Sub-CCMs will be treated as separate from the CCM for the country or countries in which they operate for the purposes of applying for, receiving and using CCM funding.

<sup>4</sup> For example, if the CCM wants to meet more than 4 times per year, conduct intra-regional site visits, write reports for publication, or hold CCM retreats of capacity building trainings—that would push their annual budget beyond the ceiling of \$43,000—local donors should be encouraged to support these extra-ordinary expenses.

31. Eligible administrative costs shall include the following items:

- i. Salary of staff. (Number of staff to be supported will be determined by size of grant and number of components) CCM funding shall not be used for the salary of CCM members.
- ii. Office administrative costs (phone, fax, postage, stationary, photocopy, etc. but not vehicles
- iii. CCM meeting costs, including travel cost for CCM for non-governmental members (up to 6 meetings per year)
- iv. Communication and information dissemination costs for sharing key information (e.g., call for proposals, periodic reports of implementation status, minutes of meetings) which may include the costs of establishing and updating of website or newsletter.
- v. Facilitation costs associated with constituency consultation and processes to promote and improve the quality of stakeholder participation, including civil society participation.
- vi. Translations of key information to promote participation by all stakeholders.

### **Application Process**

32. A CCM that wishes to receive funding support may submit a request for funding to the Secretariat at any time.

33. The amount of funding requested should be reasonable to cover eligible costs for a period of no more than twelve months.

34. The CCM funding request must be accompanied by supporting documentation, including a detailed budget outlining the costs to be supported.

35. In order to ensure the transparency of funding flows to all stakeholders, all CCM members must sign the funding request. This sign-off will be considered demonstration that all stakeholders have had meaningful input into the budgetary needs of the CCM and to testify that they are in accord with how CCM funding streams will meet their needs.

### **Implementation, Reporting and Oversight**

36. The Global Fund and the CCM will consult to identify a suitable funding flow arrangement that is i) accountable, transparent and verifiable, including by the LFA and ii) facilitates access to eligible CCM funding by civil society members of the CCM (as specified in paragraph 31).

37. CCMs must commit to use Global Fund funding solely for the purposes described in the funding request and in accordance with the approved budget. Material changes to the budget will require Global Fund approval.

38. In cases where the CCM is not an incorporated body or separate legal entity, the CCM should nominate another entity to provide the commitment referred to in paragraph 37 above, and to be accountable for the use of the CCM funding and the management of the account in paragraph 36 above. This commitment will be documented in a short agreement and be signed by an authorized representative of the CCM.

39. Disbursement and activity reports of CCM support funding (including reporting by the CCM on access to CCM funding by civil society and other NGO stakeholders) must be provided to the Global Fund on an agreed periodic basis. These reports will be subject to LFA review and verification.

**Guidelines on Types of Civil Society and Private Sector Representation  
Most Relevant to the Work of CCMs**

For each CCM, it is necessary to consider the types of civil society and private sector representatives who would be valuable to the CCM at present and in the future, as the role and importance of partnership among these sectors increases, particularly in proposal development and grant oversight. These guidelines are intended to provide guidance for CCMs wishing to strengthen and/or improve the representation of civil society and private sector representatives.

**Civil Society Representatives**

The kinds of civil society representatives who would be integral to these processes would ideally include, but would not be limited to, individuals or organizations representing:

- i. **Vulnerable groups/key populations:** these organizations represent those persons who are most knowledgeable about what it means to be living with/affected by one or more of the three diseases and represent the needs of disparate key affected groups; vulnerable groups may also have a better understanding of how to increase access to services for reach hard-to-reach populations.
- ii. **Womens organizations:** women and young girls are often most affected by the three diseases and are particularly vulnerable due to physiological and well as socio-economic factors. It is important that women's organizations, as well as other organizations, representing the concerns of women, are well-represented on CCMs to ensure that programmatic issues relating to gender are reflected in proposals to the Global Fund.
- iii. **Children and Young People:** Children and young people should be represented on the CCM, through youth groups, organizations, national and international NGOs working with children and young people infected and affected by the three diseases.
- iv. **International NGOs working in the three diseases:** International non-governmental organizations (INGOs) are valuable to CCMs as they generally have strong connections with community level stakeholders and vulnerable populations; they have experience in implementation and are well-placed to contribute valuable insight into proposal development and the determination of programmatic activities; and INGOs also may have strong relationships with other sectors, including governments, multi/bilateral organizations which are valuable to partnership building. Some INGOs are also well-placed to further support the participation of vulnerable and marginalized groups on CCMs, through capacity building or support towards the attendance of hard-to-reach groups.
- v. **Experienced national NGOs working in the three diseases:** National non-governmental organizations working in the three diseases know in particular the needs of communities outside of large urban areas and understand the disparate needs of key populations. They are often involved in the delivery of services as well as in prevention and education programs; they have strong community networks and are often aware of additional initiatives being conducted in a given setting.
- vi. **Religious and Faith-Based Groups:** In many settings religious and faith based organizations play a vital role in reaching communities infected and affected by the three diseases. Not only do these organizations and groups provide crucial services but some are instrumental in convincing political leaders at the national, regional and local level prioritize the needs of affected populations. They are increasingly becoming involved in implementation of interventions and provide a valuable role in the development of effective proposals.

- vii. **Academia:** members from academic institutions bring a range of knowledge of the epidemic, as well as social, political and cultural determinants involved in fighting the three diseases, including knowledge of key affected groups as well as insight into demographical factors and potential challenges to scaling up activities.

### **Private Sector Representatives**

Given the breath of expertise and resources that the private sector can provide, the CCM can benefit greatly from including companies and organizations that represent the most relevant facets of the private sector, which include, but are not limited to, the following kinds of companies and organizations:

- i. **Large for-profit companies with a proven commitment to fight the three diseases:** a wide range of large national or multinational companies have pioneered company-specific responses to fight against HIV/AIDS, TB and malaria. Representative from these companies can not only provide leadership and expertise to CCMs and grant implementers, but also draw on the significant resources of their respective companies in supporting the scale-up of national programs.
- ii. **Organizations representing small & mid-sized enterprises (SMEs) and the informal sector:** In most developing countries, the majority of private enterprises are subsistence micro-enterprises, most of which are concentrated in low value added sectors and operate in the informal sector. The SME and informal sector accounts for an average of over 50% of all economic activity and thus can give a voice to the majority of people who are economically active in most countries. Representatives from these sectors can support the design and implementation of programs which are relevant to a very large share of the economy and workforce.
- iii. **Business associations to fight HIV/AIDS, TB and Malaria:** In many affected countries, as well as internationally, socially responsible companies have formed associations and networks to combat the three diseases. Their goal is often to promote and support the implementation of health programs in the workplace (and the community more broadly) and to draw on the collective expertise and resources of member companies in supporting local, national and international efforts to combat the three diseases. These associations can provide insight into using private sector expertise and infrastructure to reach severely affected communities, and draw on their networks of companies to support and participate in the more efficient and effective design and implementation of programs.
- iv. **Representatives from exposed industries:** Certain industries are more affected by the three diseases, including transportation, agriculture, oil & gas and mining. For-profit companies, business coalitions and/or employers associations who represent the exposed industries can offer insight and support for sector-specific interventions that can reach higher risk groups of workers and communities.
- v. **Private practitioners and for profit clinics:** In many affected countries, the private health care sector provides services to large parts of the population and thus play a vital role in the scale-up of national interventions. Representatives from this sector can provide valuable insight into the design of programs which can best leverage private health care services to complement the public health system as well as identify appropriate practitioners and clinics to involve in grant implementation.
- vi. **Charitable foundations established by corporations:** Many large private philanthropic foundations or foundations established by companies have extensive experience in supporting HIV and AIDS, tuberculosis and malaria programs in different country contexts. These organizations can be an invaluable source of international expertise, as well as provide resources to support CCMs and program implementation.

## **Section 2: Income Level and Cost-Sharing Eligibility Criteria for Proposals for Funding from the Global Fund<sup>5</sup>**

### **Part 1: Overview of Eligibility Criteria**

1. As outlined in the Framework Document, the Global Fund's criteria for eligibility for funding from the Global Fund should take into account a number of factors such as disease burden, political commitment, the involvement of an inclusive Country Coordinating Mechanism and the income level of the country<sup>6</sup> in which activities will be implemented (as measured by appropriate economic indicators).
2. As such, the Global Fund makes eligibility determinations for proposals for funding based on three criteria. The first is in relation to Country Coordinating Mechanism (CCM) requirements as approved at the 9<sup>th</sup> Board Meeting. The other two are with respect to income level and cost sharing requirements. This document sets out income level and cost-sharing eligibility criteria that apply to new proposals for funding under the Rounds-Based and Rolling Continuation Channels. These eligibility criteria may also apply to proposals under future funding channels as and when determined by the Global Fund Board.
3. The eligibility criteria set out below have been designed to give the highest priority to those proposals from countries and regions with the greatest need, based on the highest burden of disease and the least ability to contribute financial resources to fight HIV/AIDs, Tuberculosis and Malaria.

### **Part 2: General Principles**

1. The Global Fund assesses income level eligibility of a proposal based on the categorization of the countries in which activities will be implemented as published annually by the World Bank. Proposals for programs to be implemented in countries classified as "low income", "lower-middle income" and "upper-middle income" are eligible for funding from the Global Fund, but additional requirements must be met in the case of "lower-middle income" and "upper-middle income" countries. Proposals for programs to be implemented in countries classified as "high income" are not eligible for funding from the Global Fund.
2. The funding request should seek to cover identified needs based on a sound, costed national strategy to fighting HIV/AIDS, Tuberculosis and Malaria. In the absence of a costed national strategy, the Global Fund will consider funding grant proposals for specific interventions to fight the relevant disease. In order for a proposal to be eligible for funding, the applicant must demonstrate that the cost of funding the national program or interventions for the relevant disease is shared between the Global Fund, domestic resources in the country in which program activities will be implemented and contributions from other donors, as set out in Part 4, paragraph 2 below.
3. A regional proposal that includes implementation in countries a majority of which are eligible for funding will be considered eligible.

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<sup>5</sup> For ease of reference, all changes to the previous Board-approved eligibility criteria are indicated in strikethrough or underline format.

<sup>6</sup> References in this document to "country" refer to "economies" as classified by the World Bank.

### Part 3: Income Level Eligibility

1. For proposals for programs to be implemented in countries classified as “lower-middle income”, the interventions for which funding is being requested must focus on poor or vulnerable populations.
2. For proposals for programs to be implemented in countries classified as “upper-middle income”, the following conditions apply:
  - a. The interventions for which funding is sought must be focused on poor and vulnerable populations; and
  - b. There must be a very high disease burden in the country in which activities will be implemented, defined as follows:

#### HIV/AIDS

- i. The epidemic in the country targeted in the proposal is of such magnitude that it has a measurable impact on population demographics such as life expectancy<sup>7</sup>, and significant additional external resources are required to adequately address the epidemic;

Or

- ii. The epidemic in a vulnerable population<sup>8</sup> in the country targeted in the proposal is of such magnitude that there is risk of accelerated spread within that vulnerable population and significant additional external resources are required to adequately address the epidemic.

And

- iii. The country in which activities in the proposal are targeted must be included in the list of Official Development Assistance recipients, published by the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC).

#### Tuberculosis

- i. The country in which the proposal activities are targeted is included on the WHO list of high-burden countries or on the WHO list of countries that account for 95 percent of all new cases attributable to HIV/AIDS.

#### Malaria

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<sup>7</sup> The Board notes that several studies have shown that HIV has a broad and measurable impact on population demographics such as life expectancy once HIV prevalence rate in adults 15-49 is equal to or more than 1 percent (UN Population Division “World Population Prospects 2004”, and US Census Bureau, Internal Programs Center “World Population Profile: 1996, 1998, 2000 and Global Population Profile 2002”). UNAIDS/WHO will provide a list of countries in which adult HIV prevalence is equal to or more than 1 percent. This list will be updated as new data becomes available.

<sup>8</sup> HIV prevalence rates in adults is equal to or more than 5 percent in at least one identified vulnerable population. UNAIDS/WHO will provide a list of countries in which HIV prevalence is at least 5 percent in one or more vulnerable population. This list will be updated as new data becomes available.

- i. The country experiences more than 1 death per 1000 due to malaria based on data provided by WHO.
3. Proposals from countries classified as “upper-middle income” are eligible to apply for funding if the applicant falls under the “small island economy” exception to the International Development Association lending eligibility requirements, regardless of national disease burden.
4. The Secretariat will make income level eligibility determinations on an annual basis at the time of the Call for Proposals under the Rounds-Based Channel. In cases where a country moves up from one income category to the next, a one-year grace period will apply, meaning that for the purposes of the next Call for Proposals, the determination of income level eligibility will be based on the earlier income level classification.
5. In order for the Global Fund to maintain its poverty focus, Global Fund funding for proposals for programs that will be implemented in “upper-middle income” countries will be limited to 10 percent. This ceiling allows for the possibility of increasing demand from “upper middle income” countries with a high burden of disease, such as South Africa.

#### **Part 4: Cost Sharing Eligibility**

1. The Global Fund may fund up to the proportion set out below of the cost of the national program as follows:
  - a. in “low-income” countries, up to 100 percent of the national disease program;
  - b. in “low-middle income” countries, up to 65 percent of the national disease program;  
and
  - c. in “upper-middle income” countries, up to 35 percent of the national disease program.

If there is no national program for the disease, references to the “national disease program” in this Part 4 will be deemed to be references to the specific interventions to fight the disease in the country.

2. The cost-sharing proportion is measured as follows:

A = Total Program Need for the period covered by the current funding request

B = Domestic Financing (national budget + domestic civil society and private sector contribution) for the period covered by the current funding request

C = Available or planned external resources (borrowing, including “soft loans”, grants and contributions from bilateral and multi-lateral donors) for the period covered by the current funding request

D1 = The total funding provided by the Global Fund through existing grants for the disease under previous rounds or under the Rolling Continuation Channel that overlaps with the period covered by the current funding request.

D2 = The amount of the current funding request which may be up to the full amount of the identified funding gap.

Funding Gap = A-B-C-D1

Cost Sharing Proportion =  $(D1+D2)/A \times 100$

3. The Global Fund Board may permit some exceptions to the maximum cost-sharing thresholds specified above based on the particular country context, such as:
  - i. Severe economic shock leading to the temporary inability of the country to continue to contribute to the cost sharing element for the three diseases;
  - ii. Severe natural disaster requiring considerable diversion of national resources to address critical needs, thereby temporarily hampering the country's ability to contribute to the cost sharing element for the three diseases; or
  - iii. Where stigma associated with one of the three diseases lead to exclusion of the needs of specific vulnerable groups from the national program.
4. The cost-sharing requirement does not apply for proposals submitted by applicants that are not CCMs<sup>9</sup>.

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<sup>9</sup> The Framework Document states that the Global Fund will consider proposals from non-CCM applicants arising from partnerships in circumstances such as: i) countries without a legitimate government, ii) , countries in conflict or facing natural disaster, or iii) countries that suppress or have not established partnerships with civil society and non-governmental organizations.

### **Section 3: Phase 2 Policies and Procedures<sup>10</sup>**

1. The Board makes funding decisions for Phase 2 renewals based on its review of Secretariat or Technical Review Panel (TRP) recommendations, according to procedures agreed by the Board.
2. For each grant, the Secretariat or the TRP shall provide recommendations for: (a) commitment of additional resources (a “Go”), (b) commitment of additional resources provided certain conditions are met (a “Conditional Go”); or (c) discontinuation of funding (a “No Go”). If the CCM has requested material re-programming of a grant for Phase 2 or if the Secretariat determines that the CCM request would constitute a material reprogramming of the original proposal submitted by the CCM (a “Revised Request”), the Secretariat shall refer the matter to the TRP which will then make a funding recommendation to the Board.
3. The Secretariat or TRP will normally present the Board with its recommendations on the first of every month (notice to Board constituencies of a recommendation shall be effective upon the posting of the recommendation on the Global Fund website; the Secretariat will inform Board constituencies via e-mail when recommendations have been posted). The Board will vote by email on each recommendation on a no-objection basis. Board members shall send any objections to a recommendation no later than ten days after receipt of the recommendation from the Secretariat.
4. A Board decision in favor of a Secretariat or TRP recommendation either:
  - commits additional resources in the amount proposed in the recommendation (in the case of recommendations of “Go,” and “Conditional Go,”); or
  - does not commit any additional resources (in the case of recommendations of “No Go”), thereby discontinuing the proposal after Phase 1.
5. The Phase 2 decisions will typically be taken on the basis of the reported results of a program as of the end of the 18<sup>th</sup> month of implementation and the Secretariat’s recommendations that are made up to 23 months after the Program Starting Date/Phase 1 Starting Date (exceptions could include for situations of force majeure). The decision may be taken earlier in cases of (i) accelerated implementation; or (ii) severe exchange rate fluctuations.
6. In order to allow CCMs to report results achieved by the Principal Recipient during the first 18 months of implementation of the program, yet to continue to implement programs without interruption while; (i) the Board makes its decision on continued funding of the program; and (ii) the extension of the Grant Agreement is negotiated, the Board authorizes the Secretariat to: (a) extend the term of Phase 1 Grant Agreements by up to three months without extending the overall proposal term; and (b) provide additional funding for grants, if necessary, of an amount up to the amount requested by the Country Coordinating Mechanism in the Request for Continued Funding for the first three months of the third year of Program. If the Secretariat provides such additional funding to grants that the Secretariat has rated “B2” or “C” in the Principal Recipient’s most recent disbursement request, the Secretariat shall notify the Board of the amount provided and give an appropriate explanation of the circumstances, at the time that the Secretariat provides its subsequent Phase 2 funding recommendations. This funding amount will be part of, and not in addition to, the maximum amount available for Phase 2 for each grant.

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<sup>10</sup> For ease of reference, all changes to the previous Board-approved Phase 2 policies are indicated in strikethrough or underline format.

7. In exceptional circumstances, the Secretariat may need to take more than 23 months to provide a Phase 2 recommendation to the Board. In such situations, the Secretariat may extend the term of Phase 1 grant agreements by up to three months in addition to any extension provided under paragraph 6 above, although no additional funding may be committed for these additional three months. The Secretariat shall inform the Board immediately upon taking action under this decision.

8. If the Secretariat is considering issuing a “No Go” recommendation, it shall give notice of that intention and the reasons for it to the relevant CCM and allow that CCM four weeks to comment on the information submitted to it by the Secretariat. The Secretariat shall review and consider the information provided by the CCM, and then make its recommendation to the Board. The information provided by the CCM shall be made available to the Board.

9. If the Board does not decide in favor of a Secretariat or TRP recommendation of “Go” or “Conditional Go” the Secretariat or TRP shall reassess its recommendation. To facilitate the reassessment process, those Board constituencies object to a Secretariat or TRP recommendation shall provide a written explanation that is made available to all Board members and the Secretariat. The Secretariat or TRP will review its recommendation in light of such explanations and will then present a second recommendation on the first day of the subsequent month (unless time-constraints make it necessary to wait to the month thereafter). The Secretariat shall then request the Board to vote on the second Secretariat or TRP recommendation, using the procedures described above. In the event that the Board rejects a second recommendation of “Go” or “Conditional Go”, the matter will be referred to the next Board meeting.

10. If the Board does not decide in favor of a “No Go” recommendation from the Secretariat, the Secretariat shall reassess its recommendation. To facilitate the reassessment process, those Board constituencies that object to such recommendation shall provide a written explanation that is made available to all Board members and the Secretariat. The Secretariat will review its recommendation in light of such explanations and will either: (i) present a revised recommendation of “Go” or “Conditional Go” and then request that the Board vote on the revised recommendation (or in the case of a Revised Request submit to the TRP), using the procedures described above; or (ii) if the Secretariat wishes to maintain its recommendation for a “No Go”, it shall refer the matter to an Independent Review Panel, which shall assess the specific areas where the Board and the Secretariat differ on their assessment of the grant and report its conclusions to the Board.

11. If the Board does not decide in favor of a “No Go” recommendation from the TRP, the TRP shall reassess its recommendation. To facilitate the reassessment process, those Board constituencies that object to such recommendation shall provide a written explanation that is made available to all Board members and the TRP. The TRP will review its recommendation in light of such explanations and will either: (i) present a revised recommendation of “Go” or “Conditional Go” and then request that the Board vote on the revised recommendation, using the procedures described above; or (ii) if the TRP wishes to maintain its recommendation for a “No Go”, the matter will be referred to the next Board meeting for final decision.

12. The composition of the Independent Review Panel will be based on the following principles:
- Size: Two senior members supported by 1-2 contracted analysts, as appropriate;
  - Independence: Potential conflict of interest should be taken into consideration in selecting these members;
  - Profile of Senior Members: The team of senior members should have a solid understanding of country processes;
  - Profile of Analysts: Analysts should have the capability to fully understand GF principles and procedures;

- Identification of Candidates: Pool of pre-qualified candidates for Senior Members and Analysts is identified through partners, including WHO, UNAIDS and the World Bank. A list of these candidates is compiled by the Secretariat and each candidate submits a CV to the file for review. A proposed “reserve list” will be compiled based on this selection process;
- Selection of Panel: The list of tentative candidates will be submitted to the Chair and Vice-Chair of the Board and the Chair and Vice-Chair of the PC. The selection of the Senior Members and Analysts of the independent panel shall be carried out by the Chair and Vice-Chair of the Board in consultation with the Chair and Vice-Chair of the PC;
- Panel members (Senior members and contracted analysts) will be remunerated; and
- The Secretariat will facilitate the process.

13. The Independent Panel’s scope of work will be based on the following principles:
- The objective of the external assessment will be to submit conclusions to the Board based on all information put forth by the CCM, PR, Secretariat and Board constituencies;
  - The analysis shall include a chronology of information provided, a typology of the content and an analysis of the source and flow of information;
  - The assessment shall take into consideration the different arguments analyzing how they refer to each other, highlighting areas of agreement and disagreement, and defining the areas which have not been previously addressed by the parties involved; and
  - The Independent Panel shall report to the Board no later than six weeks after receipt of the relevant information from the Secretariat.

14. Following presentation of conclusions by the Independent Review Panel, the final decision on making a funding commitment will be made at the next Board meeting.

15. In circumstances in which insufficient resources remain in Phase 1 to cover financing needs of any grant that (a) the Secretariat has referred to the TRP as a “Revised Go” or (b) the Secretariat has recommended as a “No Go”, until a Board decision in the Phase 2 procedure can be made (and, in the case of a grant that is approved for continued funding, the extension of the Grant Agreement is signed), the Board authorizes the Secretariat to extend the terms of the grants by up to six months, and to provide bridge funding for such grants as appropriate. The Board authorizes the Secretariat to commit up to a maximum of one-half of the first year budget contained in the Request for Continued Funding in question for these purposes, which would be financed by utilizing the Phase 2 renewal funding of the proposal. The actual amount committed by the Secretariat would be based primarily on the performance and disbursement patterns in Phase 1. If the Secretariat provides such additional funding to grants that the Secretariat has rated “B2” or “C” in the Principal Recipient’s most recent disbursement request, the Secretariat shall notify the Board of the amount provided and give an appropriate explanation of the circumstances, at the time that the Secretariat provides its subsequent Phase 2 funding recommendations.

16. In the event that the Secretariat decides to extend the term of the Phase 1 Grant Agreement and provide funding under both paragraphs 6 and 15 of this policy, such extensions and funding shall not, in total, exceed six months and one half of the amount of the first year budget contained in the Request for Continued Funding respectively.

17. For proposals for which the Board commits Phase 2 funds, a sufficient amount of assets to cover the full costs of the extension of the Grant Agreement must be deposited with the Trustee or readily available on demand prior to the Secretariat extending a Grant Agreement.

18. The Technical Reference Group (TERG) will regularly review and report on the soundness of the Phase 2 review and decision process to the Board through the Portfolio Committee.

19. As an exception to paragraph 5 of this policy, provided that the Secretariat determines that each of the conditions described in paragraphs a. to d. below are satisfied, Phase 2 decisions may be taken on the basis of (i) reported results of a program as of the end of any month from the 12<sup>th</sup> month of implementation to the 21<sup>st</sup> month of implementation and (ii) Phase 2 recommendations that are made up to 27 months after the Program Starting Date/Phase 1 Starting Date. The conditions for application of this exception are as follows:

- a. The CCM must provide a written request to the Secretariat for a modification to the scheduled timeframe for the Phase 2 review of the relevant grant, including an explanation of the level and type of information it intends to provide through the harmonized reporting in support of its Request for Continued Funding; and
- b. Funding through the relevant grant is contributed through a national and/or multi-donor funded program and the reporting schedule for the program is fixed and cannot easily be synchronized with the normal Phase 2 review process timeframe (either because the reporting schedule is the national reporting schedule or because donors (and others) contributing to the program have committed to a harmonized reporting schedule); and
- c. The program reporting framework must:
  - i. Provide a financial and programmatic report that covers at least 12 months of the Phase 1 period of the relevant grant; and
  - ii. Make such a report available to the Secretariat no later than 3 months after the end of the period covered by the report; and
  - iii. Provide financial and programmatic information in form and substance sufficient (as determined by the Secretariat) to make an informed assessment of performance and a well-founded recommendation to the Board.; and
- d. If the Phase 2 reporting timeframe for the relevant grant is not modified as requested by the CCM, the CCM and Principal Recipient will need to meet separate and specific reporting timelines to comply with the Global Fund Phase 2 reporting timeframe.

The Secretariat may reject a CCM's request to modify the Phase 2 timeframe if it determines that any of the conditions in paragraphs a. to d. above are not met to its satisfaction or it may grant the CCM's request subject to submission of additional information.

In some cases, in order to allow a CCM's request for flexibility in timing while ensuring that program implementation continues without interruption while (i) the Board makes its decision on continued funding of the program; and (ii) the extension of the Grant Agreement is negotiated, the Board authorizes the Secretariat to: (a) extend the term of the Phase 1 Grant Agreement by up to four months in addition to any extension provided under paragraph 6 above; and (b) if necessary, provide additional funding for the grant based on planned activities of the national/multi-donor program for year 3 of implementation up to the amount necessary to cover the extension period. The Secretariat will periodically report to the Portfolio Committee any additional funding it approves under this paragraph 19. Any extension to Phase 1 will not extend the overall term of the Proposal and any additional funding approved will be part of, and not in addition to, the maximum amount available for Phase 2 of the relevant grant.