

GUIDELINES ON IMPLEMENTERS OF GLOBAL FUND GRANTS

Purpose

1. This document consolidates Global Fund policies and processes for nominating, selecting, and managing implementers of Global Fund grants who constitute the Global Fund's main partners in managing the delivery of services under a disease or HSS program. These Guidelines are primarily directed to the Country Coordinating Mechanism and other types of applicants as well as the Principal Recipients and Sub-Recipients¹ and the Global Fund Country Teams.

Types of Implementers

2. The implementers of Global Fund grants are the following:
 - The Principal Recipient (PR), who in respect of a specific program, means an entity nominated by the relevant Country Coordinating Mechanism (CCM), Non-Country Coordinating Mechanism (Non-CCM), Regional Coordinating Mechanism (RCM) or Regional Organization (RO)² to implement the program and has signed a Grant Agreement with the Global Fund.
 - The Sub-Recipient³ (SR), who in respect of a specific program, means a recipient who receives grant funds directly or indirectly from the PR and implements certain program activities under the oversight⁴ of the PR.
3. In these Guidelines, suppliers such as bidders, suppliers, agents, intermediaries, consultants and contractors, who are not the PR(s) or SR(s) but provide goods and/or services to a program are not considered implementers.

Responsibilities of Implementers

4. A PR implements the Global Fund-supported program on behalf of the country and CCM. A PR is fully accountable to the CCM and has formal legal obligations towards the Global Fund with regards to grant funds and the implementation of the program. These obligations are set out in the Grant Agreement. While the PR may contract SRs and other service providers to implement certain program activities, the PR is responsible for the performance of SRs and its contractors including their actions or omissions as if they were its own, irrespective of whether the SRs have received funding directly from the Global Fund or its agents. Contracting with an SR or a service provider does not release the PR from its obligations under the Grant Agreement. The obligations of a PR under the program are defined in the Global Fund Grant Regulations.

^{1,2} The terms "Principal Recipient" and "Sub-recipients" are currently under review and may be modified.

² Or in exceptional cases such as in countries managed through the Additional Safeguards Policy, appointed by the Global Fund to implement the program.

³ Implementers may also in some instances Sub-Sub-Recipients (SSRs) or Sub-Sub-Sub-Recipients (SSSRs), depending on the grant's implementation arrangements.

⁴ Oversight is a key function of governance. It ensures activities are implemented as planned by providing strategic directions to recipients, ensuring that procedures are met, instituting financial controls, and following through key recommendations.

5. SRs are accountable to the PR with respect to grant funds and program activities that are assigned to them. SRs must have obligations that are generally equivalent to the obligations of the PR as defined in the Global Fund Grant Regulations⁵. SRs cannot contract other entities to undertake their responsibilities under the grant without the prior agreement of the PR.
6. SRs have no contractual relationship with the Global Fund and have no grounds for claims against the Global Fund, irrespective of whether the Global Fund disburses directly to such SRs.
7. Implementers of Global Fund grants are required to comply with the [Code of Conduct for Recipients of Global Fund Resources](#).

Eligible Global Fund Implementers

8. In general, the PRs of Global Fund grants should be local and legal entities from the public or private sector or civil society. Locally-incorporated international non-governmental organizations are considered local stakeholders and are acceptable as PRs. The same requirements apply to SRs.
9. In exceptional cases⁶, should the CCM conclude that there is no local entity qualified to be PR, the local office of an international organization (e.g., multilateral organizations⁷ such as UNDP, international NGOs such as PSI) can be approved to take on the responsibilities of being PR. In this case, firm evidence must be presented by the CCM that there are no local entities with the requisite capacity, and Country Teams must confirm their agreement.
10. The Global Fund expects that engaging multilateral organizations or international NGOs to be PR as temporary, and that one or several local entities may be phased-in as PR(s) once their capacities had been strengthened. The Grant Agreement with a non-national entity PR may include plans for developing the capacity of one or several local entities and a timeline for passing PR responsibility to them.
11. 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 PRs. 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 PR to undertake grant implementation. The use of a bilateral organization as a PR would require approval from Global Fund Senior Management⁸.
12. SRs are contracted by the PR to implement all or parts of a program and are usually selected among stakeholders involved in the response to HIV, TB and malaria, as appropriate.

Selection and Nomination of Implementers

13. CCMs are responsible for selecting and nominating the PRs while the PR may identify potential SRs, in consultation with the CCM. For countries managed under the Additional Safeguards Policy (ASP), the Global Fund Secretariat is more directly involved in the

⁵ Article 4.3 of the Grant Regulations (2014).

⁶ Other situations may include: a) when the Additional Safeguard Policy (ASP) applies; b) in countries in conflict; and c) when currency controls or currency risks jeopardize the ability to ensure sufficient resources being available for program implementation.

⁷ WHO cannot serve as PR for Global Fund grants as some Global Fund policies applicable to PRs may be perceived as in conflict with WHO rules and regulations. However, they can assume the role of SRs in Global Fund grants.

⁸ The Executive Grant Management Committee.

selection of implementers in order to mitigate risks and ensure accountable use of grant funds (see the [OPN on Additional Safeguard Policy](#)).

14. CCMs may nominate existing or new implementers. Proposed PRs must be selected prior to Concept Note submission. On the other hand, the selection of proposed SRs may be initiated during the Concept Note development and completed during the early stages of grant implementation. It is strongly recommended that nominated PRs identify their SRs that are critical for implementation during grant making to ensure disbursement-readiness prior to signing.
 - i. **PRs:** 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 are encouraged to pursue a “dual-track financing” approach in nominating PRs at the time they submit their funding application to the Global Fund. Dual-track financing refers to channeling of funds through two “tracks”: government and non-government sectors. If a CCM decides not to apply dual-track financing in their PR(s) nomination, they should explain the reasons for not pursuing this recommendation. The Global Fund’s recommendation on dual-track financing applies separately for each disease.
 - ii. **SRs:** The Global Fund has set no requirements on the number of SRs that may be nominated under a certain grant. However, the Global Fund expects the PR to select the most capable candidates to contribute to the delivery of the program, and consequently to the good performance of the grant. The Global Fund also expects that the PR will restrict the number of SRs to that which is reasonable to achieve maximum impact of the program and prudent management of grant funds (in accordance with the obligations under the Grant Regulations⁹). The use of a restricted number of SRs avoids unnecessary transaction and management costs and provides stronger assurance.
15. The CCM eligibility criterion that applies to the nomination of PRs¹⁰ (see the [CCM Guidelines and Requirements](#)) requires the CCM to:
 - i. Nominate one or more PR(s) at the time of submission of their application for funding; and
 - ii. Document a transparent process for the nomination of all new and continuing PRs based on clearly defined and objective criteria; and
 - iii. Document the management of any potential conflicts of interest that may affect the PR nomination process.
16. In the nomination of implementers, the Global Fund recommends that CCMs:
 - i. Nominate PRs through a transparent and documented process at an early stage in the Concept Note process so that any capacity building needs would inform Technical Assistance (TA) planning.
 - ii. Work with PRs to ensure the SR selection process is open, fair and based on objective criteria related to performance capacities. CCMs are encouraged to ensure that nominated PRs identify potential SRs, in consultation with the CCM, during the development of applications so that the feasibility of the proposed program can be assessed.
 - iii. CCMs nominate national PRs where possible to ensure that national capacities are developed for more sustainable responses. Aside from sustainability considerations, there are also cost considerations related to non-national entity implementers (see the [OPN on Headquarters Support Costs/Indirect Cost Recovery for International NGO Implementers](#)).

⁹ Article 3.1 of the Grant Regulations (2014).

¹⁰ These requirements also apply to Regional Coordinating Mechanisms (RCMs) requesting Global Fund funding. However, Non-CCMs and Regional Organizations (ROs) do not have to meet any eligibility requirements when selecting their PRs.

17. The selection of nominated PRs (including re-selection of existing PRs and in some cases the selection of key SRs) is subject to final approval by the Global Fund following a capacity assessment during grant-making.
18. In exceptional cases when the Global Fund takes the responsibility of selecting the PR in countries managed under the ASP, the Global Fund Country Team is expected to conduct an assessment of potential organizations in order to transparently select the most suitable entity for the implementation of the grant considering risk environment. This will be done through a capacity assessment tailored to specific risks or other more in-depth assessments as necessary.

Implementation Arrangement Mapping

19. The proposed implementation by the nominated implementers should be captured by the CCM and/or PR in an Implementation Arrangement Map which shows:
 - all entities receiving grant funds (PRs, SRs, etc.) and/or playing a role in program implementation;
 - each entity's role in program implementation;
 - flow of authority, funds, commodities, and data; and
 - the beneficiaries of program activities.
20. The Implementation Arrangement Map can be initiated as early during Concept Note development and used to focus the capacity assessment exercise in terms of: (i) tailoring the scope of the assessment related to the role of the PR and other implementers; and (ii) identifying other key implementers (aside from the PR) to be assessed (see the [Implementation Arrangement Mapping Guidelines](#)).
21. The implementation arrangement map is updated on a regular basis (e.g., at the end of grant making to capture updated implementation arrangements and the results of capacity assessment, during grant implementation to capture newly selected SRs).

Assessment of Implementers' Capacities and Systems

22. Implementers of Global Fund grants are expected to have the programmatic, financial, and management capacities and systems to effectively undertake their roles under the program.
23. In nominating PRs during the Concept Note stage, CCMs are required to complete an assessment for each nominated PR against minimum standards (see the [Standard Concept Note Instructions for HIV, Tuberculosis and Malaria](#)). The Global Fund Secretariat (with support from the LFA as needed) supplements the CCM assessment of the PR through a more thorough capacity assessment using the Capacity Assessment Tool. The assessment focuses on the following areas:
 - Monitoring and Evaluation;
 - Procurement and Supply Management;
 - Financial Management and Systems; and
 - Governance and Program Management (including SR Management).
24. The capacity assessment (especially for new PRs), should be initiated as soon as the PR has been identified, and prioritized and completed as early as possible in the grant making stage. For countries deemed very high risk where the proposed PR is known sufficiently in advance (e.g. where the Global Fund applies additional safeguard policy and selects a new PR), the capacity assessment should be substantially completed prior the submission of the Concept Note to the TRP.

25. The scope of the assessment and the information requirements will be tailored by the Global Fund Secretariat taking into consideration various factors such as type of implementers (new or repeat PR, government/non-government/international organization), role of the implementer under the program, recent Global Fund or partner assessments or other relevant information available, and value of the grant, among others.
26. Based on the results of the capacity assessment, the Global Fund Secretariat decides whether to accept or reject the nominated PR. In cases where significant capacity gaps are identified that cannot be mitigated in the short term, the Global Fund Secretariat may decide to reject the nominated PR and request a replacement from the CCM.
27. The PR is responsible for assessing their proposed SRs and other implementers below the SR. The Global Fund expects that SRs are subjected to the same level of assessment applied to PR to ensure that nominated SRs have the required capacities to undertake activities under the grant. There may be cases where the Global Fund Secretariat would decide to undertake the assessment such as when the PR is a pass-through PR; or the PR has known capacity issues or is not deemed sufficiently independent to conduct a thorough assessment of key implementers who manage a substantial proportion of the grant or play a material role in the implementation of activities; or when the country is managed under the Additional Safeguards Policy.

Managing Performance of Implementers

28. Performance-based funding is one of the core principles of the Global Fund. It promotes accountability and provides an incentive for implementers to use funding as efficiently as possible.
29. PR and grant performance are measured and rated based on:
 - Programmatic performance which measures results achieved against agreed coverage/output indicators contained in the Performance Framework;
 - Management performance which takes into account progress on agreed conditions and management actions and implementation issues in four functional areas: monitoring and evaluation (M&E), program management, financial management and systems, and pharmaceutical and health product management (PHPM).
30. Performance is monitored and assessed through the progress update and annual funding decisions process (see the [OPN on Annual Funding Decisions and Disbursements](#)).
31. Performance ratings are key considerations for the CCM and Global Fund in deciding to continue or replace a PR under a new grant.
32. The PR is responsible for monitoring and managing the performance of each SR and taking necessary actions as needed.

Changing or Adding Implementers during Program Implementation

33. An implementer may be replaced or added during grant implementation for the following reasons:
 - if the implementer is not able to perform its role and to carry out its responsibilities properly under the grant; and/or
 - the CCM and/or PR, and the Global Fund wish to transfer some or all of the responsibilities of the implementer under the grant to another entity.
34. The process should be planned well in advance to facilitate the transfer of responsibilities and avoid interruption of services. When there is a decision to replace an implementer, the

Grant Agreement/contract with the outgoing implementer must be closed-out following the [OPN on Grant Closure](#) before a new agreement/contract is signed with the new implementer.

35. Changes to the implementation arrangements must be captured in the Implementation Arrangement Map.

Communicating and Reporting to the CCM

36. During grant implementation, the CCM is responsible for overseeing the performance of the grants and the PRs and making strategic decisions at key opportunities during grant implementation such as changing implementation arrangements or addressing PR capacity issues.
37. To facilitate the CCM's oversight role, the PR and CCM should agree on the communicating and reporting modalities detailing communication activities throughout the grant implementation. Examples of such modalities include (but are not limited to):
 - PR regularly attends CCM meetings and provides updates on grant implementation progress and implementation issues;
 - PR shares with the CCM progress updates and/or disbursement requests submitted to the Global Fund including the Global Fund feedback and decision;
 - PR proactively shares with the CCM any Performance Letters or Notification Letters shared by the Global Fund, in case the CCM was not in copy.
 - PR involves the CCM in any reprogramming and extension requests that they may submit to the Global Fund and provides evidence of CCM's endorsement of the requests.
 - At the time of grant closure, PR involves the CCM in the preparation of the close-out plan and budget that should be endorsed by the CCM.
38. To support CCMs in undertaking their oversight role, the Global Fund has developed the grant oversight tool called a "dashboard". The use of the tool is voluntary but is strongly recommended for CCMs. The tool provides CCM members with a visual, strategic summary of key financial, programmatic, and management information drawn from existing data sources.