

Operational Policy Manual

Issue 2.33

27 September 2021

Note to External Users

This Operational Policy Manual has been developed to assist Global Fund Secretariat staff in providing guidance on 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 Secretariat.

The OPNs and Procedures are updated, as necessary, to reflect changes in grant 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.

Issue date	Remarks
27 September 2021	Issue 2.33 Revised: <ul style="list-style-type: none"> - Note to External Users Removed: <ul style="list-style-type: none"> - The process steps to explain the approaches and requirements during grant implementation for the different portfolio category
24 August 2021	Issue 2.32 Revised: <ul style="list-style-type: none"> - OPN on Annual Funding Decisions and Disbursements - Operational Procedures on Annual Funding Decisions and Disbursements
16 August 2021	Issue 2.31 Revised: <ul style="list-style-type: none"> - OPN on Implementation Period Reconciliation and Grant Closure (for 2014-2016 allocation period and thereafter) - Operational Procedures on Implementation Period Reconciliation and Grant Closure
29 July 2021	Issue 2.30 Revised: <ul style="list-style-type: none"> - OPN on Grant Entity Data - Operational Procedures on Grant Entity Data
31 May 2021	Issue 2.29 Added: <ul style="list-style-type: none"> - OPN on Grant Entity Data - Operational Procedures on Grant Entity Data
1 May 2021	Issue 2.28 Revised: <ul style="list-style-type: none"> - OPN on Make, Approve and Sign Grants (2020-2022 Allocation Period) - Operational Procedures on Make, Approve and Sign Grants (2020-2022 Allocation Period)
1 October 2020	Issue 2.27 Revised: <ul style="list-style-type: none"> - OPN on Make, Approve and Sign Grants (2020-2022 Allocation Period) - Operational Procedures on Make, Approve and Sign Grants (2020-2022 Allocation Period)

7 July 2020	<p>Issue 2.26</p> <p>Revised:</p> <ul style="list-style-type: none"> - OPN on Design and Review of Funding Requests (2020-2022 Allocation Cycle) - OPN on Make, Approve and Sign Grants (2020-2022 Allocation Period) - Operational Procedures on Make, Approve and Sign Grants (2020-2022 Allocation Period)
19 March 2020	<p>Issue 2.25</p> <p>Added:</p> <ul style="list-style-type: none"> - OPN on Make, Approve and Sign Grants (2020-2022 Allocation Period) - Operational Procedures on Make, Approve and Sign Grants (2020-2022 Allocation Period) <p>Removed:</p> <ul style="list-style-type: none"> - OPN on Access to Funding, Grant-Making and Approval (2017-2019 Allocation Period) - OPN on Pre-Financing Grant Making and Start-Up Activities - OPN on Signing and Amending Grant Agreements - OPN on Enhanced Financial Reporting, - OPN on Program and Data Quality
16 December 2019	<p>Issue 2.24</p> <p>Revised: Portfolio Categorization for the 2020-2022 Allocation Cycle</p>
9 October 2019	<p>Issue 2.23</p> <p>Added: OPN on Country Coordinating Mechanism Funding</p>
4 September 2019	<p>Issue 2.22</p> <p>Added:</p> <ul style="list-style-type: none"> - OPN on Design and Review of Funding Requests (2020-2022 Allocation Cycle) - Operational Procedures on Design and Review of Funding Requests (2020-2022 Allocation Cycle)
1 May 2019	<p>Issue 2.21</p> <p>Revised: OPN on Additional Safeguard Policy</p>
25 March 2019	<p>Issue 2.20</p> <p>Revised: OPN on Pooled Procurement Mechanism</p>
8 November 2018	<p>Issue 2.19</p> <p>Revised: OPN on Pooled Procurement Mechanism</p> <p>Added: Operational Procedures on Pooled Procurement Mechanism</p>
14 September 2018	<p>Issue 2.18</p> <p>Added:</p> <ul style="list-style-type: none"> - OPN on IP Reconciliation and Grant Closure - Operational Procedures on IP Reconciliation and Grant Closure

28 June 2018	Issue 2.17 Revised: - OPN on Risk Management across the Grant Lifecycle
7 March 2018	Issue 2.16 Revised: OPN on Grant Revisions
18 December 2017	Issue 2.15 Revised: - OPN on Access To Funding, Grant-making and Approval
1 November 2017	Issue 2.14 Updated portfolio categorization (list of COE countries)
25 April 2017	Issue 2.13 Replaced the old OPN on Counterpart Financing with OPN on Co-financing
4 April 2017	Issue 2.12 Annex added to: - OPN on Challenging Operating Environments
7 March 2017	Issue 2.11 Added: - OPN on Grant Revisions Removed: - OPN on Extending Grant Implementation Periods - OPN on Reprogramming during Grant Implementation
27 January 2017	Issue 2.10 Added: - OPN on Risk Management Across the Grant Lifecycle
20 January 2017	Issue 2.9 Added: - OPN on Access To Funding, Grant-making and Approval - OPN on Challenging Operating Environments Removed: - OPN on Grant-Making and Approval
13 July 2016	Issue 2.8 Added: - OPN on Program and Data Quality Revised: - Section 2: Grant Implementation - OPN on Annual Funding Decisions and Disbursements - OPN on Reprogramming During Grant Implementation Removed: - OPN on Quality of Services Assessment - OPN on Monitoring and Evaluation Systems Strengthening And Data Quality

24 July 2015	<p>Issue 2.7</p> <p>Revised:</p> <ul style="list-style-type: none"> - OPN on Additional Safeguard Policy - OPN on Grant-making and Approval
25 March 2015	<p>Issue 2.6</p> <p>Revised:</p> <ul style="list-style-type: none"> - OPN on Pooled Procurement Mechanism - OPN on Support Costs and Indirect Cost Recovery (ICR) Policy for Non-Governmental Organizations
15 December 2014	<p>Issue 2.5</p> <p>Added:</p> <ul style="list-style-type: none"> - OPN on Counterpart Financing - OPN on M&E Systems Strengthening and Data Quality - OPN on Signing and Amending Grant Agreements - OPN on Grant Closure <p>Removed:</p> <ul style="list-style-type: none"> - OPN on Grant Renewals - Non-National Entities as Principal Recipient
19 November 2014	<p>Issue 2.4</p> <p>Added:</p> <ul style="list-style-type: none"> - OPN on Grant-Making and Approval <p>Removed:</p> <ul style="list-style-type: none"> - 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	<p>Issue 2.3</p> <p>Removed:</p> <ul style="list-style-type: none"> - OPN on Continuity of Services
25 September 2014	<p>Issue 2.2</p> <p>Revised:</p> <ul style="list-style-type: none"> - OPN on Annual Funding Decisions and - Disbursements
25 June 2014	<p>Issue 2.1</p> <p>Added:</p> <ul style="list-style-type: none"> - OPN on Pooled Procurement Mechanism - OPN on Pre-Financing Grant Making and Start- Up Activities - OPN on Supplier Misconduct <p>Removed:</p> <ul style="list-style-type: none"> - 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.
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Introduction

The Operational Policy Manual describes how the Global Fund manages all activities at each step of the grant cycle from accessing funding through to grant closure. It captures both Board-approved policies as well as approaches to implementing those policies that have been endorsed at the Secretariat level.

For each step of the grant cycle, the Manual provides:

- i. Relevant information and policies that are applicable; and
- ii. A brief step-by-step process guide that summarizes important activities and those responsible.

As the Country Team is the primary mechanism to achieve effective and efficient oversight of the Global Fund grant portfolio, the OPM begins with guidance on how Country Teams should function and defines individual Country Team members' responsibilities.

Revised Portfolio Categorization Criteria : Approved by EGMC in May 2018

	<u>COUNTRY PORTFOLIOS</u>	<u>MULTI-COUNTRY*</u>
HIGH IMPACT	<ul style="list-style-type: none"> Ranked 1-10 in disease burden share in at least 1 disease; OR Total Allocation above US\$ 250 million 	<ul style="list-style-type: none"> Total Allocation above US\$250 million allocation
CORE	<ul style="list-style-type: none"> Ranked 11-30 in disease burden share in at least 1 disease; OR Total Allocation between US\$ 30 million and US\$ 250 million 	<ul style="list-style-type: none"> Total Allocation between US\$30 million and US\$ 250 million
FOCUSED	<ul style="list-style-type: none"> Remaining portfolios (not in top 30 in disease burden share and Total Allocation less than US\$ 30 million) 	<ul style="list-style-type: none"> Total Allocation less than US\$ 30 million allocation

* Multi-country covers combined country allocation cases (e.g., RAI, MER, MWP) and regional grants financed from the Multi-country Modality (Catalytic Investments). Multi-country grants are managed by teams based on geographical location (e.g., High Impact department will manage 'focused' regional grants located in their regions applying the focused grant management approach).

2017-2019 Allocation Cycle: Portfolio Categorization - Country and Multi-country

FOCUSED			CORE			HIGH IMPACT	
1. Albania	19. Egypt	37. Montenegro	1. Afghanistan	18. Namibia	1. Bangladesh	16. Pakistan	
2. Algeria	20. El Salvador	38. Morocco	2. Angola	19. Nepal	2. Burkina Faso	17. Philippines	
3. Armenia	21. Gabon	39. Nicaragua	3. Benin	20. Niger	3. Cambodia	18. South Africa	
4. Azerbaijan	22. Gambia	40. Panama	4. Burundi	21. Papua New Guinea	4. Congo DR	19. Tanzania	
5. Belarus	23. Georgia	41. Paraguay	5. Cameroon	22. Rwanda	5. Côte d'Ivoire	(incl. Zanzibar)	
6. Belize	24. Guyana	42. Peru	6. Central African Republic	23. Senegal	6. Ethiopia	20. Thailand	
7. Bhutan	25. Honduras	43. Romania	7. Chad	24. Sierra Leone	7. Ghana	21. Uganda	
8. Bolivia	26. Iran (Islamic Republic)	44. Sao Tome and Principe	8. Congo (Brazzaville)	25. Somalia	8. India	22. Ukraine	
9. Botswana	27. Jamaica	45. Serbia	9. Eritrea	26. South Sudan	9. Indonesia	23. Viet Nam	
10. Bulgaria	28. Kazakhstan	46. Solomon Islands	10. Guatemala	27. Sudan	10. Kenya	24. Zambia	
11. Cape Verde	29. Kosovo	47. Sri Lanka	11. Guinea	28. Swaziland	11. Malawi	25. Zimbabwe	
12. Colombia	30. Kyrgyzstan	48. Suriname	12. Guinea Bissau	29. Togo	12. Mali		
13. Comoros	31. Lao	49. Tajikistan	13. Haiti		13. Mozambique		
14. Costa Rica	32. Malaysia	50. Timor-Leste	14. Korea (DPR)*		14. Myanmar		
15. Cuba	33. Mauritania	51. Tunisia	15. Lesotho		15. Nigeria		
16. Djibouti	34. Mauritius	52. Turkmenistan	16. Liberia				
17. Dominican Republic	35. Moldova	53. Uzbekistan	17. Madagascar				
18. Ecuador	36. Mongolia						
<ul style="list-style-type: none"> • Multi-country Western Pacific • Multi-country Caribbean • All Regional Grants (except South Africa – TB in Mining and South Africa Elimination 8) 			<ul style="list-style-type: none"> • Middle East Response (Iraq, Lebanon, Palestine, Syria, Yemen) • South Africa – TB in Mining • South Africa – Elimination 8 			<ul style="list-style-type: none"> • RAI 	

* While the Global Fund has decided to end its support to DPRK, the portfolio was included in the categorization exercise to guide any future re-engagement when the operating environment has improved.

2020-2022 Allocation Cycle: Portfolio Categorization - Country and Multi-country

FOCUSED			CORE		HIGH IMPACT	
1. Armenia	19. Georgia	37. Peru	1. Afghanistan	16. Lesotho	1. Bangladesh	15. Myanmar
2. Azerbaijan	20. Guyana	38. Russian Federation	2. Angola	17. Liberia	2. Burkina Faso	16. Nigeria
3. Belarus	21. Honduras		3. Benin	18. Madagascar	3. Cambodia	17. Pakistan
4. Belize	22. Iran (Islamic Republic)	39. Sao Tome and Principe	4. Burundi	19. Namibia	4. Cameroon	18. Philippines
5. Bhutan	23. Jamaica	40. Serbia	5. Central African Republic	20. Nepal	5. Congo DR	19. South Africa
6. Bolivia	24. Kazakhstan	41. Solomon Islands	6. Chad	21. Niger	6. Côte d'Ivoire	20. Tanzania (including Zanzibar)
7. Botswana	25. Kosovo	42. Sri Lanka	7. Congo (Brazzaville)	22. Papua New Guinea	7. Ethiopia	21. Thailand
8. Cabo Verde	26. Kyrgyzstan	43. Suriname	8. Eritrea	23. Rwanda	8. Ghana	22. Uganda
9. Colombia	27. Lao PDR	44. Tajikistan	9. Eswatini	24. Senegal	9. India	23. Viet Nam
10. Comoros	28. Malaysia	45. Timor-Leste	10. Gambia	25. Sierra Leone	10. Indonesia	24. Zambia
11. Costa Rica	29. Mauritania	46. Tunisia	11. Guatemala	26. Somalia	11. Kenya	25. Zimbabwe
12. Cuba	30. Mauritius	47. Turkmenistan	12. Guinea	27. South Sudan	12. Malawi	
13. Djibouti	31. Moldova	48. Uzbekistan	13. Guinea Bissau	28. Sudan	13. Mali	
14. Dominican Republic	32. Mongolia	49. Venezuela	14. Haiti	29. Togo	14. Mozambique	
15. Ecuador	33. Montenegro		15. Korea (DPR)	30. Ukraine		
16. Egypt	34. Morocco					
17. El Salvador	35. Nicaragua					
18. Gabon	36. Paraguay					
<ul style="list-style-type: none"> • Multi-country Western Pacific • Multi-country Caribbean 			<ul style="list-style-type: none"> • Middle East Response 		Regional Artemisinin-resistance Initiative	

- Multi-country 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.

SECTION 1: ACCESS TO GLOBAL FUND FINANCING

An applicant submits a concept note to the Secretariat reflective of the indicative funding allocation (as determined by the Secretariat), its national strategy, and the outputs of an extensive multi-sectorial country dialogue process between the applicant, technical partners, donors (including the Secretariat) and civil-society organizations. Once the concept note is reviewed by the Secretariat and the TRP, the GAC determines an upper budget ceiling and the grant-making process begins.

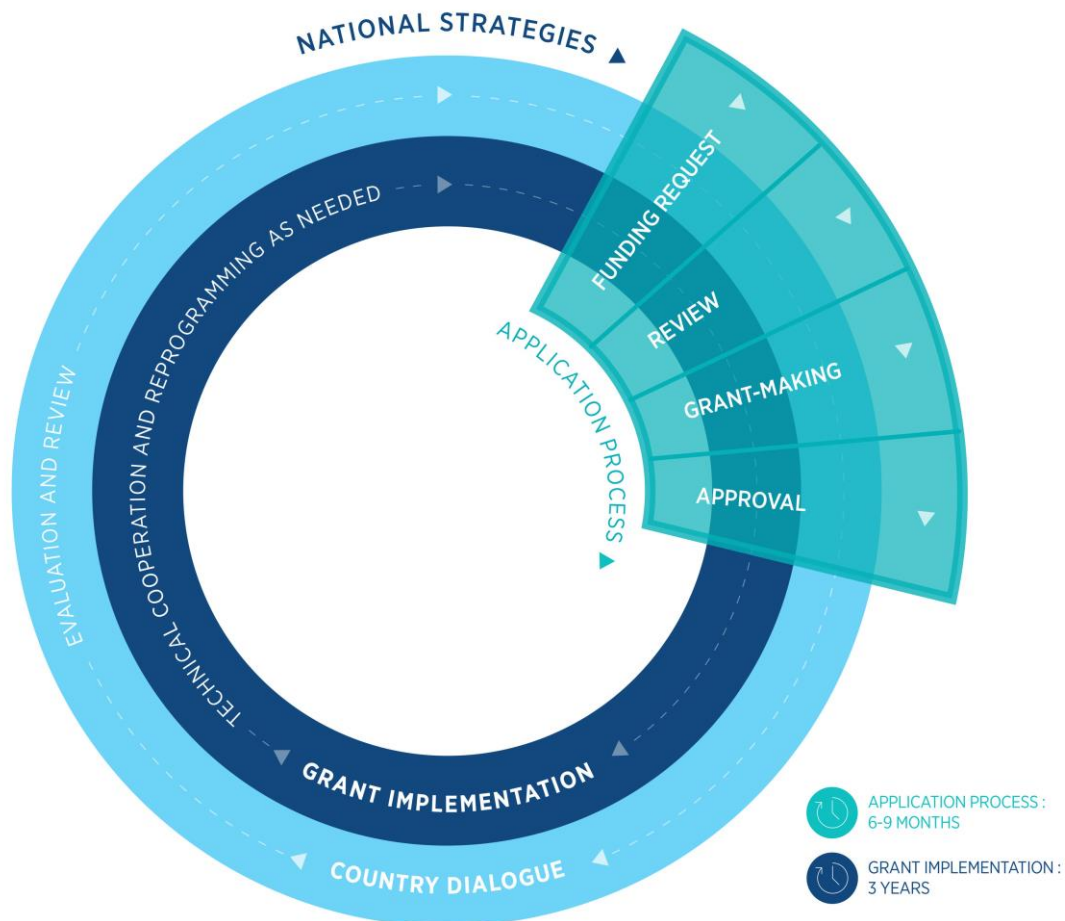
The CT enters into negotiations with CCMs and their nominated PRs to develop disbursement-ready grants for submission to the Board approach through the GAC.

Design and Review of Funding Requests (2020-2022 Allocation Period)

Issued on: 7 July 2020
Approved by: Executive Grant Management Committee
Process Owner: Access to Funding Department

OVERALL OBJECTIVES

1. Funding requests that are designed well and are reviewed effectively help the Global Fund achieve maximum impact, in line with Global Fund’s 2017-2022 Strategy: Investing to End Epidemics (Global Fund Strategy)¹ and efforts to strengthen impact in the 2020-2022 allocation period.



2. 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, the Technical Review Panel’s (TRP) [terms of reference](#), and the following core differentiation principles approved by the Board’s Strategy Committee:

¹ GF/B35/02 – Revision 1, https://www.theglobalfund.org/media/1176/bm35_02-theglobalfundstrategy2017-2022investingtoendepidemics_report_en.pdf

- a. **Differentiated level of independent review:** The TRP will engage in the independent assessment of all funding requests, but with a high degree of differentiation in scope and depth of the assessment².
- b. **Country ownership:** The process for design and review of funding requests builds on national systems and strategies, domestic co-financing and engagement of in-country stakeholders, including key and vulnerable populations³, communities and civil society.
- c. **Tailored process for funding request development and review:** The basis, scope and nature of the funding request design and review processes will (i) be evidence-informed, building on the challenges, results and impact of previous implementation periods; (ii) be tailored to the different contexts in which countries operate, including but not limited to evolving epidemiology, challenging operating environments, sustainability and transition considerations, multicountry approaches and fiduciary and programmatic risk and (iii) take into consideration national systems and national health strategy plans.
- d. **Simplification and refocusing on implementation:** The process for design and review of funding requests should facilitate effective investment and use of Global Fund resources to achieve the highest impact in line with the Global Fund Strategy, recognizing the need to balance the time spent developing and reviewing funding requests versus the time spent implementing grants.
- e. **Focused and timely program revision for greater impact:** The process for design and review of funding requests, including the TRP review, encourages and facilitates efforts to achieve greater strategic focus and impact through program revision throughout the grant lifecycle, as appropriate.
- f. **Streamlining and refocusing on key information for decision making:** Documentation requirements are tailored to elicit essential information needed to facilitate effective review and decision-making with respect to funding requests, including consistency across the portfolio or categories of the portfolio, building on existing national and portfolio information.

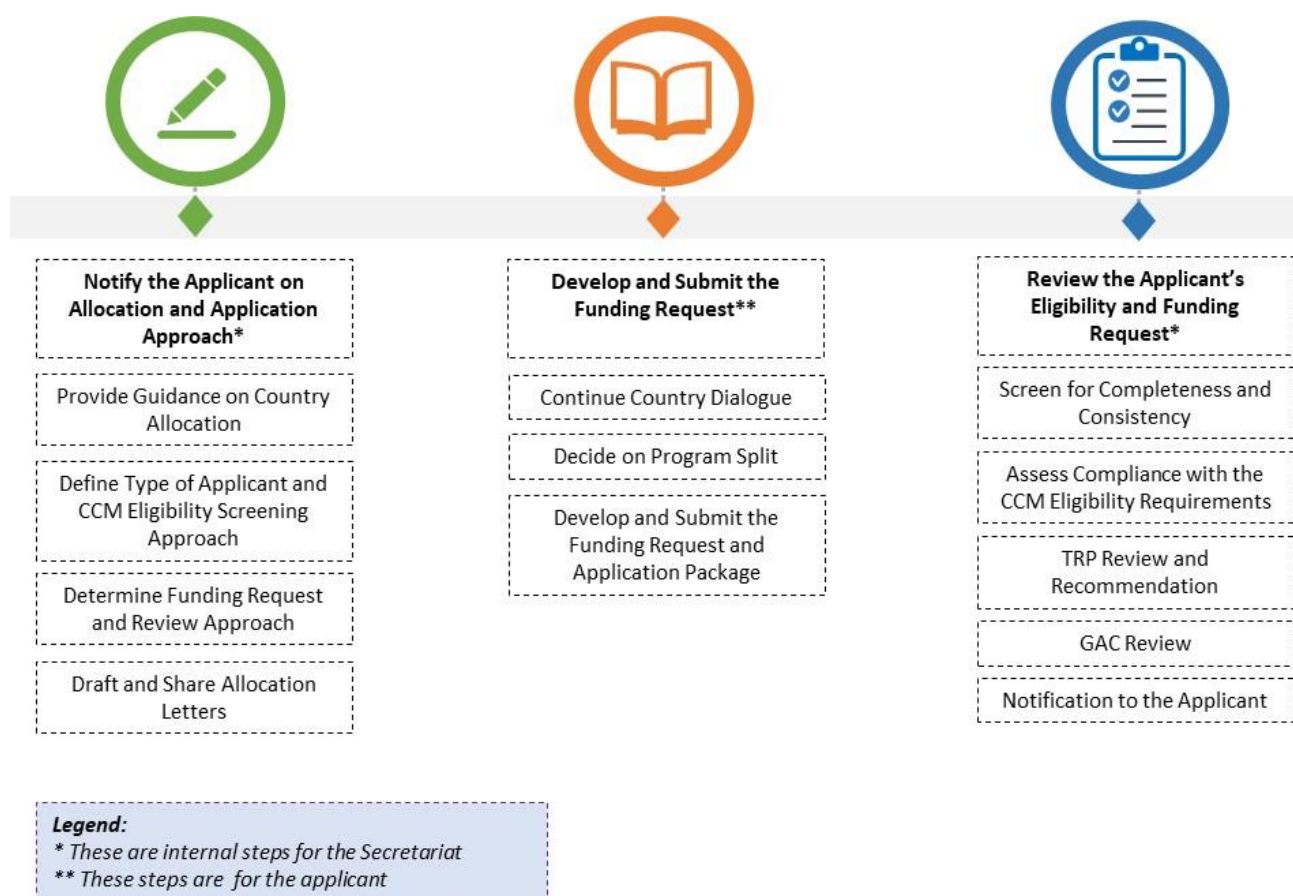
OPERATIONAL POLICY

3. This Operational Policy Note (OPN) defines the rules and requirements for accessing the country allocation⁴ for the 2020-2022 allocation period onwards. For guidance on other sources of funding, please refer to Annex 1 and other relevant guidance.

² The TRP will assess funding requests with a differentiated lens instead of a standardized “one-size-fits-all” approach (for example, for programs in challenging operating environments, countries in transition, etc.)

³ As defined in the [Global Fund Key Populations Action Plan 2014 – 2017](#)

⁴ This includes applicants that will access funding through combined country allocations (e.g. MER, RAI, etc.).



I. Notify the Applicant on Allocation and Application Approach

- The Global Fund's Eligibility Policy⁵ sets forth eligibility criteria to determine which country components may qualify to receive an allocation from the Global Fund. The eligibility list⁶ is published on a yearly basis and is available on the Global Fund website⁷.
- Eligible applicants receiving an allocation will be notified through the allocation letter with the following information: i) allocation amount for eligible disease components; ii) type of applicant and approach to Country Coordinating Mechanisms' (CCM) eligibility screening; iii) the application approach; iv) guidance on co-financing requirements and commitments; and v) other information relevant to the country/component⁸. The Global Fund will also share any additional specific guidance to enable the applicant to proceed with the funding request development and submission. The main elements of the allocation letter are detailed below and in the Procedures on the Design and Review of Funding Requests:

Provide Guidance on Country Allocation

- 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 cycle, in line with the [Allocation Methodology](#). This funding may be

⁵ https://www.theglobalfund.org/media/7443/core_eligibility_policy_en.pdf?u=636996495650000000.

⁶ Eligibility to receive an allocation does not guarantee allocation or funding.

⁷ The 2020 Eligibility List determines which country components are eligible for an allocation for the 2020-2022 allocation period.

⁸ Such as allocation-related decisions or outcomes that have intended implications around use of funds (e.g. funding for continuation of essential services, or if countries are expected to be on a continued trajectory for significant reductions in allocations), and any other relevant information.

supplemented by other sources of funds (please see Annex 1), or may be reduced, for example, due to outstanding recoveries⁹ in extraordinary circumstances, or if co-financing commitments from the previous allocation period have not been met. Unused funding from the previous allocation period (e.g. undisbursed funds, in-country cash balances, cash balances at a 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 Access Allocation**¹⁰. For each country, the allocation for eligible components¹¹ 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 (e.g., by 31 December 2022 for the 2020-2022 allocation period)¹². The implementation of grants should, generally, be aligned with country planning cycles, as appropriate. Applicants must consider the end date of their existing Allocation Utilization Period (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 AUP.
8. **Timeframe to Use Allocation**. The AUP is the period¹³ (usually three years) during which the country allocation per disease component can be utilized to implement a grant. For grants continuing to the next allocation period, the AUP starts the day after the existing grant(s) ends. 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 disease component is adjusted proportionately.

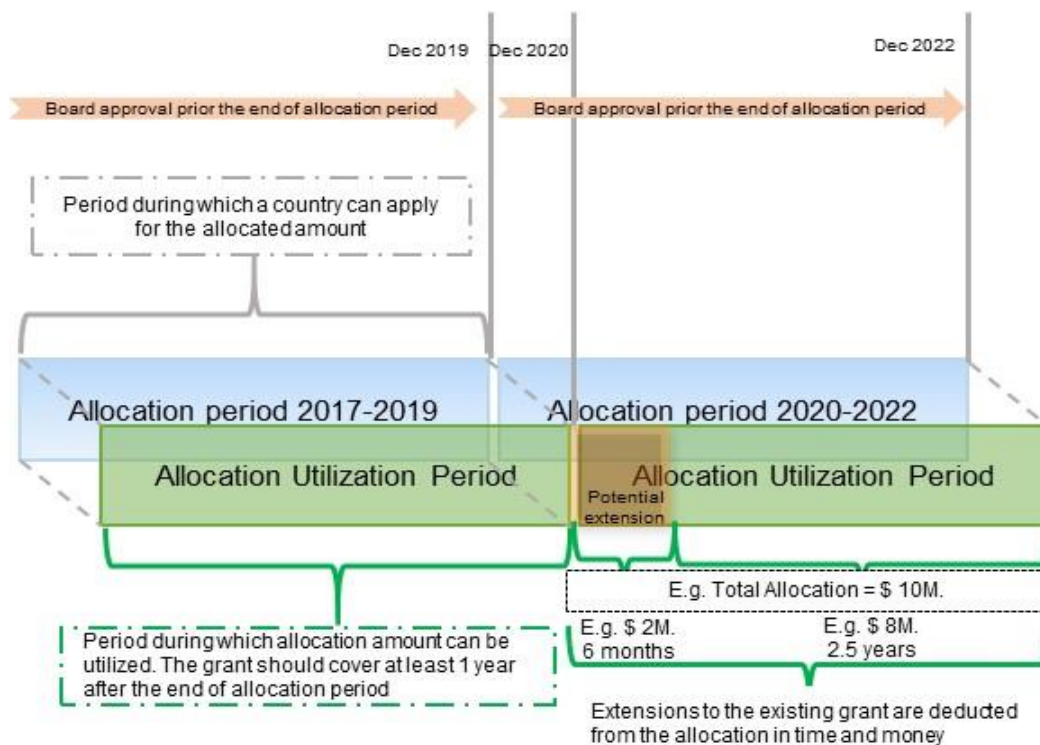
⁹ Refer to the OPN on Recovery of Grant Funds (for Global Fund Secretariat internal use only).

¹⁰ 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).

¹¹ Eligibility to receive an allocation does not guarantee allocation or funding.

¹² https://www.theglobalfund.org/media/8536/bm41_02-allocation-methodology_report_en.pdf.

¹³ Variations from the three-year standard period may be allowed for joint funding requests from Focused countries/applicants 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.



Define Type of Applicant and Eligibility Screening Approach

9. **Types of Applicants.** An applicant is the entity that requests financing from the Global Fund on behalf of a country or a group of countries. Applicants for Global Fund funding¹⁴ are:
- a. **Country Coordinating Mechanism (CCM).** This is a country-level public-private partnership whose role is, among others, to 1) coordinate the development of funding requests to the Global Fund for relevant program(s) based on priority needs at the national level and 2) oversee the implementation of program activities. CCMs must meet at minimum the [CCM Eligibility Requirements](#).
 - b. **Non-Country Coordinating Mechanism (Non-CCM).** In exceptional situations, the CCM in a certain country may not be in the position to carry out its core functions or to fulfill 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](#)
 - c. **Regional Coordinating Mechanism (RCM).** This is a multi-country regional-level public-private partnership and whose role is, among others, to 1) coordinate the development of the funding request(s) to the Global Fund for relevant program(s) based on priority needs at the regional level and 2) oversee the implementation of program activities.
 - d. **Regional Organization (RO).** This is an entity with independent legal personality that is not a United Nations agency or a multilateral or bilateral organization, which can demonstrate broad regional stakeholder consultation and involvement, including, but not limited to, the endorsement by each CCM of the countries included in the relevant Program, and whose role is, among others, to 1)

¹⁴ Please refer to the [Country Coordinating Mechanism Policy Including Principles and Requirements](#).

coordinate the development of the funding request(s) to the Global Fund for relevant program(s) based on priority needs at the regional level and 2) oversee the implementation of program activities.

10. **Differentiated Screening for CCM Eligibility Requirements 1 and 2.** There is a differentiated review of CCM eligibility requirements 1 and 2 (please refer to paragraph 23). Country components considered to have higher risk of non-compliance¹⁵ with regards to meeting CCM eligibility criteria would therefore require greater scrutiny and in-depth review. Others will undergo a light screening. The determination of the appropriate level of screening for compliance with eligibility requirements 1 and 2 is made by the Compliance Review Panel.

Determine Funding Request and Review Approach

11. **Differentiated Application and Review Approaches.** In order to accommodate the diverse portfolio needs with a view of a continuum from one allocation period to the next, there will be different types of funding request and review approaches during the 2020-2022 allocation period. Based on agreed differentiation triggers, the Grant Approvals Committee (GAC) will determine the most suitable type of funding request and corresponding review approach for each country component, which will be communicated to the applicant in the allocation letter. The types of application and review approaches are the following:

- i. **Tailored Request and Review.** It is aimed at better accommodating for specific objective(s). It includes the following:
 - a. **Tailored for Transition:** Country components that: i) are receiving **transition funding**¹⁶; or ii) are projected to move to high income; or iii) previously received transition funding and have become re-eligible and received an allocation; or iv) are using a transition workplan as the basis of their funding request; or v) are requested by the Global Fund to submit a tailored for transition funding request because of contextual considerations¹⁷.
 - b. **Tailored for NSP:** Country components invited by the Global Fund to apply using their **NSP** as the primary application source. The invitation will be based on defined criteria that include, but are not restricted to, risk levels, country motivation to apply for funding using their NSP, alignment between country planning and Global Fund allocation cycles, etc.
 - c. **Tailored for Focused Portfolios:** Country components categorized as **Focused** as per the Global Fund differentiation framework, that are not selected to use the Tailored for NSP or Tailored for Transition approaches.
- ii. **Program Continuation**¹⁸. The program continuation approach focuses on continuing program implementation, including promotion of on-going program

¹⁵ Higher risk of non-compliance may be linked to reports provided by Country Teams, country stakeholders, CRG and/or CCM Hub, etc. 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 the funding request submission.

¹⁶ Countries or components funded under an existing grant that become ineligible may receive funding for up to one additional allocation period following their change in eligibility (Transition Funding), as detailed in the Eligibility Policy.

¹⁷ Instances where the Global Fund may make such request are countries projected to become high income countries in the next few years, 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 \(STC Guidance\)](#).

¹⁸ Unlike in the previous funding cycle, Prioritized Above Allocation Request (PAAR) must be submitted at the same time as the Program Continuation request.

monitoring and evaluation activities, with the possibility of processing a program revision as needed during grant implementation. Identified country components (based on criteria to be determined by the GAC) can access the allocation through a streamlined process for program continuation, which significantly reduces the level of effort by the applicant, the Secretariat and the TRP during the application and review stage.

iii. **Full Request and Review.** This is aimed at comprehensive overall review of a country’s investment approach and strategic priorities and applies to the following country components:

- a. High Impact and Core country components that are not eligible for Program Continuation.
- b. High Impact and Core country components that are not invited to submit a tailored for National Health and Disease-Specific Strategic Plan (NSP) application.

12. The applicant may propose to change the application and review approach based on the outcome of in-country discussions. If the applicant decides to change the application approach communicated in the allocation letter, this needs to be discussed and agreed with the Global Fund Secretariat. The figure below provides the rules for changes to the application and review approach:

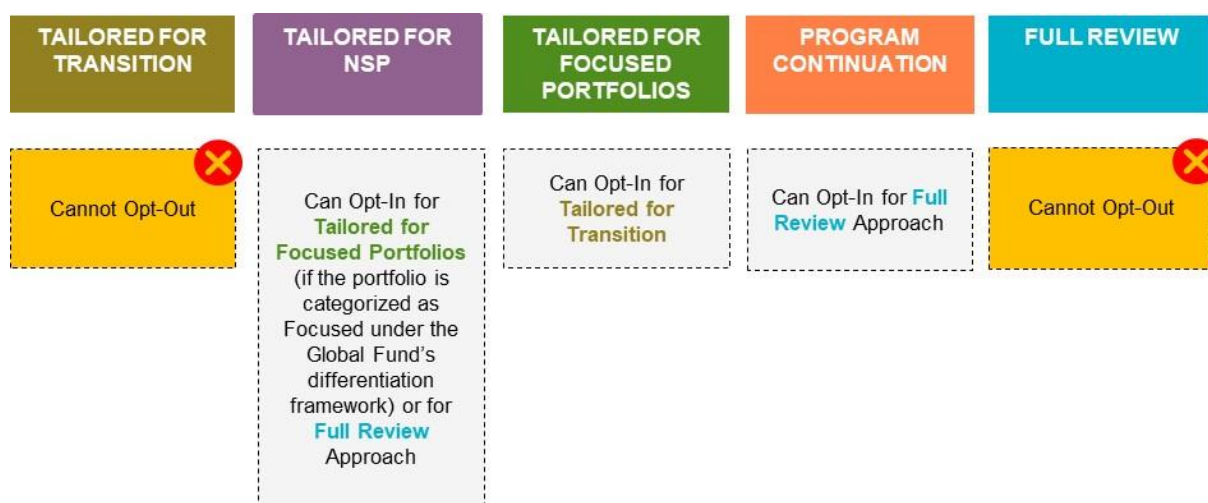


Image 1. Possible Opt-Ins and Opt-Outs for the Request and Review Approaches as Determined by the Global Fund Secretariat.

II. Develop and Submit the Funding Request

Following the receipt of the allocation letter, applicants start developing the funding request to access their allocation. The funding request development process entails the following elements:

Continue Country Dialogue¹⁹

¹⁹ For multicountry applicants, the dialogue must take place at the regional level and involve stakeholders from countries included in the funding request.

13. An ongoing inclusive country dialogue process must form part of the grant lifecycle, from funding request development and throughout implementation. The findings and conclusions of this ongoing dialogue should be reflected in the submitted funding request. Prospective Principal Recipients are involved in the development of the funding request in order to ensure the resulting request can be implemented. It is also expected that meaningful community engagement is ensured throughout the grant lifecycle including during the differentiated funding request processes, grant-making and oversight of grant implementation²⁰. The Global Fund Secretariat shares with the applicant implementation issues that need to be addressed in the funding request, as well as relevant regional and country analysis with the aim of informing the country dialogue process to prioritize highest impact interventions based on epidemiological context and guidance from technical partners, and clarifying relevant policies and processes.
14. **Support to Country Dialogue:** Support to country dialogue in preparation for a funding request submission should be addressed at the country level with support from in-country technical partners and using existing CCM funding resources²¹. In some cases, there are needs for additional technical support or advocacy during country dialogue processes. Where applicants cannot identify the needed technical support, they can liaise with the Global Fund Country Team to discuss possible options.
15. In qualifying cases where additional funding is needed to support a meaningful country dialogue and an inclusive funding request, the applicant and the Country Team may explore one of the below options:
 - a. The Community, Rights and Gender Strategic Initiative to provide technical assistance to support the engagement of civil society, key populations, people living with or affected by the diseases, and women's networks and organizations, independently or in partnership with the CCM²².
 - b. Reprogramming of savings from existing grants ([OPN on Grant Revisions](#)) to support country dialogue up to a maximum amount of US\$ 150,000 (per component). Global Fund grant funds, however, cannot be used to cover the costs for a consultant or technical assistance to draft or write a funding request, as has always been the case for Global Fund financing.

Decide on Program Split²³

16. When applicable²⁴, and before the submission of the first funding request, the applicant must confirm or propose a revision to the program split communicated in the allocation letter. While doing so, the applicant must be mindful of the following:
 - a. Applicants must confirm or propose their revised program split no later than at the time of submitting their first funding request by completing the Program Split Confirmation Template (shared with the allocation letter) and provide a strong

²⁰ In countries faced by acute or protracted emergencies as well as refugee influx, relevant humanitarian partners should contribute to the country dialogue and share humanitarian needs and perspectives.

²¹ 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.

²² Civil society and community organizations interested in applying for technical cooperation under the community, rights and gender strategic initiative can contact CRGTA@theglobalfund.org for more information.

²³ It is critical that countries invest in cross-cutting RSSH and community systems strengthening to improve health outcomes. The funding designated to cross-cutting RSSH interventions does not need to be documented in the program split unless a standalone RSSH funding request is planned.

²⁴ Applicants receiving an allocation for only one disease component do not need to perform this step.

justification and supporting documentation for changes proposed to the original program split, as relevant.

- b. The Secretariat will transparently communicate in the allocation letter where allocation-related decisions or outcomes have intended implications around use of funds through the qualitative adjustment process and closely monitor any changes to the program split for those components.
- c. Where possible, the Country Team should be involved in the program split discussions to ensure a robust, inclusive process and a clear rationale underlying the CCM’s proposed program split.
- d. The Global Fund Secretariat’s approval of the program split is mandatory and must be obtained before the TRP reviews the applicant’s first funding request. The review and approval processes follow the below rules:

Program Split	Approval Authority
Change to component’s allocation is > than 15% <u>and</u> > US\$ 5 million	GMD, Head, based on Country Team’s discussion with RFM, DH, and TAP. Allocation Team should also be consulted where such changes counter the intended direction of a component’s allocation under the allocation methodology.
Change moves component below the estimated cost of continuing essential services	GMD, Head, based on Country Team’s discussion with RFM, DH, TAP and Allocation Team.
Change impacts a qualitative adjustment to a component’s allocation that was intended for a specific use of funds ²⁵	GMD, Head, based on Country Team’s discussion with RFM, DH, TAP and Allocation Team.
Any other change	FPM, based on Country Team’s discussion with RFM and DH.

- 17. Applicants have the flexibility to request a revision the program split multiple times and reallocate funds to other disease components or to a standalone RSSH funding request. Such revisions can be done during the funding request stage or during grant-making.
- 18. Revisions to the program split for a particular component are no longer possible after the grants for such component have been recommended for Board approval by the GAC. Unused allocation amounts from a disease component whose grants have undergone GAC recommendation can be reallocated to a different component with grants that have not yet been approved by GAC.

Develop and Submit Funding Request

- 19. At this stage, applicants develop their funding requests, ensuring they are strategically focused on the most impactful program areas and interventions by population and geography to maximize progress in ending the 3 epidemics and building (as relevant) Resilient and Sustainable Systems for Health (RSSH) with the available resources. When developing the funding request, applicants should be mindful of the below elements:

²⁵ Countries requiring escalated review under this criteria will be identified by the Allocation Team and communicated to relevant Country Teams.

- a. **Alignment with National Strategies.** The Global Fund will look for alignment to NSPs that provide the overall strategic direction for a country's health and disease specific programs over a defined period of time.
- b. **Implementers.** At the funding request stage, based on an open and transparent process, the applicant must determine and nominate to the Global Fund the Principal Recipient(s) for the program(s)^{26 27}. Based on the nomination, the Country Team must initiate the required capacity assessment for the nominated Principal Recipient, if applicable (see *OPN on Risk Management*). The applicant should also identify potential Sub-Recipients, as early as possible, to avoid delays in the implementation of the program. For more details, please refer to the [Guidelines on Implementers of Global Fund Grants](#). If the program is continuing with the same Principal Recipient to the next allocation period, the implementation arrangements' map must be submitted during the funding request stage, highlighting any changes. If the Principal Recipient is changing, then an implementation arrangements' map can be submitted later, during the grant-making stage.
- c. **Currency.** The funding request and the resulting grant may be denominated in either US dollars or Euros and must be fixed for the relevant grant implementation period. The currency is communicated in the allocation letter.
- d. **Compliance with the Sustainability, Transition and Co-Financing Policy and Related 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.
 - **Co-Financing:** All funding requests and resulting grants must comply with the co-financing requirements set forth in the [STC Policy](#). For detailed guidance on the co-financing requirements, please refer to the [STC Guidance Note](#), [OPN on Co-Financing](#) and the allocation letter.
 - **Transition Planning and Preparedness:** In line with the [STC Policy](#), the Global Fund encourages all Upper-Middle-Income countries, regardless of their disease burden, and Upper Lower-Middle-Income countries with components that have moderate disease burden to proactively prepare for the transition from Global Fund financing and integrate transition considerations and strengthen transition preparedness through Global Fund funding requests. To support advanced planning, a [list of country components projected to transition](#) fully from Global Fund financing in the next three allocation cycles due to improvements in income classification and based on current eligibility criteria is published on a yearly basis. These projections are an additional resource for the Secretariat and countries to consider as part of overall sustainability and transition planning and preparedness.
 - **Strengthening Sustainability:** The STC Policy emphasizes the importance of strengthening sustainability across the entire Global Fund portfolio. While specific activities and focus areas will vary and depend heavily on country context, the Global Fund encourages all countries to gradually strengthen the sustainability of Global Fund financed programs and interventions. More details are available in the [STC Guidance Note](#).

²⁶ 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.

²⁷ 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.

- e. **Resilient and Sustainable Systems for Health.** Building resilient and sustainable systems for health (RSSH) is important to ensure people have access to effective and efficient services through well-functioning and responsive health and community systems. Strengthening systems for health is critical to attain universal health coverage, sustain gains, find efficiencies and accelerate the end of the epidemics. Applicants are strongly encouraged to discuss RSSH needs at the beginning of the country dialogue and develop a funding request that addresses common systems constraints faced by disease programs. They can present their RSSH request within a disease-specific funding request or as a standalone RSSH funding request. However, applicants are encouraged to include their entire RSSH request with the first funding request submitted to the Global Fund. When requesting funding for RSSH interventions (e.g. governance, health financing, health management systems, etc.) applicants should consider opportunities for integration across diseases and the broader health system, as integration attains more efficient and sustainable investments and enables the delivery of people-centered health services.
- f. **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 contexts²⁸, based on the principles of flexibility, partnerships and innovation²⁹.
- g. **Streamlining Grant Portfolios and Operations.** The Global Fund encourages applicants to streamline grant portfolios and operations and generate efficiencies and increase the impact of investments. This may include 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 countries. 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.
- h. **Leveraging Joint Investments.** The Global Fund encourages investments through joint platforms to address high-priority areas at the country, or sub-regional levels. Such joint investments leverage the capabilities of development finance institutions with proven track-record, as well as additional funding to maximize the impact in the fight against the diseases and achieve universal health coverage, and health system sustainability. Joint investments are encouraged across the portfolios, and particularly in Focused portfolios to catalyze additional resources and achieve larger scale and more sustainable impact where the Global Fund's investments are relatively small.
- i. **Considering Payment for Results' Models.** The Global Fund encourages differentiating grant management models, in order to simplify processes, improve results and reward good performers. This means 1) designing simplified grants, linked to impact and outcomes, rather than inputs, 2) enhancing country leadership in the response against the diseases to pave the way for smooth and successful transitions, and 3) ensuring more strategic engagement in support of national program priorities. Payment for results models can be considered in specific circumstances, across well-performing programs and implementers with robust and effective in-country systems. Such differentiated models³⁰ must be discussed and agreed with the Global Fund Secretariat at the time of designing the funding request and cannot be implemented in the absence of a pre-approval. (Link to guidance is forthcoming).

²⁸ [GF/B35/DP09](#).

²⁹ Portfolios facing acute or protracted emergencies may be considered for a pre-shaped application approach. This approach will be used in extreme cases only and will entail an active engagement between the Global Fund Secretariat and in-country partners to define the most effective way to achieve the strategic priority.

³⁰ Applicants can contact their relevant Country Teams for additional information on the different Payment for Results models.

- j. **Lessons Learned, Evaluations, Results and Key Risks.** The applicant is expected to consider lessons learned, challenges, results and impact achieved during the previous implementation period, including findings and recommendations of national program reviews and evaluations of program and data quality assessments, as well as impact assessments³¹. As part of the early stages of the funding request development, Country Teams will share and discuss with applicants key risks and capacity issues identified during the previous implementation period that impact or may impact the ability of implementers to achieve expected program goals, key objectives and results. The applicant must articulate in the funding request how they will build on the lessons learned and what strategic areas need to be strengthened. Drawing on these assessments, they will specify how each of the key risks, identified in the application, will be addressed (please refer to the [OPN on Risk Management](#)).
- k. **Progress on Issues Raised by TRP and GAC in the Previous Allocation Period.** The applicant must consider key issues raised by the TRP and GAC during the previous allocation period if applicable and demonstrate how these issues have been addressed and/or will be addressed in the current allocation period.
- l. **Prioritized Above Allocation Request (PAAR).** Applicants are required to submit the PAAR with the funding request. This is to ensure a comprehensive and meaningful review of the PAAR within the context of the funding request. However, 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 Unfunded Quality Demand (UQD). These activities are included in a public UQD register for potential future funding from either the Global Fund (e.g. efficiencies from the grant or Portfolio Optimization), or external sources (e.g. private sector contributions, debt swap agreements, etc.). Throughout the implementation of the grant, the Secretariat may allow or request applicants to submit an updated PAAR for TRP review, if there is a realistic expectation of other sources of funds becoming available³².

20. **Application Package.** Applicants must ensure submitting all mandatory 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 and is comprised of the following:

Document	Full Review	Tailored to NSP	Tailored to Transition	Tailored to Focused Portfolios	Program Continuation
CCM Compliance Statement	•	•	•	•	•
CCM Endorsement of Funding Request	•	•	•	•	•
Funding Request Form	•	•	•	•	•
Performance Framework	•	•	•	•	•

³¹ Findings and conclusions following any audits or investigations by the Office of the Inspector General of the Global Fund, should also be considered. For countries applying through the tailored transition approach, specific attention should be paid to the lessons learned related to sustainability gaps and challenges to the transition of Global Fund financed interventions to domestic sources of funding.

³² The applicant must reach out to the Country Team if they are considering submitting an update to PAAR. The Country Team will advise, following consultations within the Secretariat, whether to proceed or not.

Document	Full Review	Tailored to NSP	Tailored to Transition	Tailored to Focused Portfolios	Program Continuation
Budget	•	•	•	•	•
Programmatic Gap Table	•	•	•	•	•
Funding Landscape Table	•	•	•	•	•
Prioritized Above Allocation Request ³³	•	•	•	•	•
Essential Data Tables	•	•	•	•	•
Transition Workplan			•		
Transition Readiness Assessment or Equivalent	<i>(Submit if available)</i>	<i>(Submit if available)</i>	<i>(Submit if available)</i>	<i>(Submit if available)</i>	<i>(Submit if available)</i>
Health Product Management Template ³⁴	<i>(Only if applicable)</i>	<i>(Only if applicable)</i>			<i>(Only if applicable)</i>
Implementation Arrangements Map ³⁵	<i>(Only if applicable)</i>	<i>(Only if applicable)</i>	<i>(Only if applicable)</i>	<i>(Only if applicable)</i>	<i>(Only if applicable)</i>
National Strategic Plan	<i>(As supporting annex)</i>	•	<i>(As supporting annex)</i>	<i>(As supporting annex)</i>	<i>(As supporting annex)</i>
List of Abbreviations and Annexes	•	•	•	•	•

* Grant-making documents can be downloaded by the Country Teams as soon as the funding request documents are submitted to the Global Fund. This is meant to help the Principal Recipient advance in completing the grant-making documents and avoid delays in signing.

III. Review of Applicant's CCM Eligibility and Funding Request

21. To ensure applications are complete and applicants are compliant with the CCM eligibility requirements, where relevant, and that funding requests are recommended for funding based on technical merit, the Global Fund Secretariat and TRP members will screen and review the applications for completeness, compliance with CCM eligibility requirements and technical soundness, respectively.

Screen for Completeness and Consistency

22. After the submission of the funding request, the Global Fund Secretariat performs completeness and consistency checks. The applicant has a limited window to provide

³³ PAARs are required with the funding request.

³⁴ Only for applicants who are requesting funding to cover Health Products and/or associated management costs. For Focused portfolios, the Health Product Management Template is not required.

³⁵ Updated Implement Arrangements Map, only if the program is continuing with the same Principal Recipient to the next allocation period.

clarifications and missing information in response to clarification requests from the Secretariat.

Assess Compliance with the CCM Eligibility Requirements

23. When the applicant is a CCM or a RCM, the Global Fund Secretariat will assess the application to ensure compliance with the following CCM Eligibility Requirements:
- a. **Requirement 1:** The Global Fund requires all CCMs to:
 - i. Coordinate the development of all funding requests through transparent and documented processes that engage a broad range of stakeholders, including CCM members and non-members, in the solicitation and the review of activities to be included in the funding request; and
 - i. Clearly document efforts to engage key populations in the development of funding requests.
 - b. **Requirement 2:** The Global Fund requires all CCMs³⁶ to:
 - i. Nominate one or more Principal Recipient(s) at the time of submission of the funding request(s);
 - ii. Document a transparent process for the nomination of all new and continuing Principal Recipient(s) based on clearly defined and objective criteria; and
 - iii. Document the management of any conflicts of interest that may affect the Principal Recipient(s) nomination process.
24. **Non-CCM and RO Applications**³⁷. Applications submitted by Non-CCMs and ROs need to comply with the overall principle of inclusiveness, as appropriate, given the Country or multicountry context.
25. **Differentiated Screening of CCM Eligibility Requirements 1 and 2.** Upon receiving a funding request, the Secretariat conducts a screening for CCM Eligibility Requirements 1 and 2 in accordance with the screening approach communicated in the allocation letter.
26. Following the eligibility assessment, CCMs may be considered in one of the following categories:
- a. **Compliant:** This is in instances where the applicant fully complies with the eligibility requirements and relevant indicators.
 - b. **Compliant with Issues:** This is in instances where some indicators are not fully met, but the applicant demonstrates credible intent to comply.
 - c. **Indeterminate Compliant:** This is in instances where further information is required to make an assessment.
 - d. **Non-Compliant:** This is in instances where most or all of the eligibility criteria indicators are not met.
27. Instances where the applicant is deemed, “Indeterminate Compliant” or “Non-Compliant” will be escalated to the Compliance Review Panel who will assess the findings and recommendations made by the A2F department and make a final decision, i.e.:
- a. whether the funding request will be shared with the TRP for review with specific recommendations to be met by the CCM at the time of grant making; or
 - b. whether the funding request will be rejected and sent back to the applicant with clear recommendations on how to comply with the eligibility requirements before resubmitting at a subsequent TRP window.

³⁶ 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.

³⁷ Please refer to the [Country Coordinating Mechanism Policy Including Principles and Requirements](#).

TRP Review and Recommendation

28. **TRP Review.** In line with the criteria specified in their [Terms of Reference](#), the TRP reviews³⁸ the funding request received from the applicant and provides an independent assessment on the strategic focus, technical soundness and potential for impact of the proposed program to ensure the Global Fund's investments are positioned for the highest impact in line with Global Fund Strategy.
29. Country Teams may provide additional contextual analysis or considerations to inform the TRP review. The Secretariat analysis will be captured in a differentiated [Secretariat Briefing Note](#). This input is intended to be an upfront and objective presentation of the Secretariat's analysis of the proposed investment and an overview of contextual information. It is not intended to influence the TRP's independent review of the application.
30. The results of the TRP review are captured in the TRP Review and Recommendation Form which is used to communicate recommendations to the applicant, Secretariat, and the Board. The form also lists issues identified during the review of the funding request and provides corresponding actions.
31. The TRP may provide two (2) outcomes following their review of funding requests:
 - a. **Proceed to grant-making.** Where the funding request is deemed technically sound and strategically focused, the TRP shall recommend to the Global Fund Secretariat and Board that the applicant proceeds to grant-making. The TRP may issue recommendations to the applicant to be cleared either by the TRP or the Secretariat during grant-making 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. The TRP clarifications process is an engagement between the TRP and the applicant, which allows the TRP to ensure that important technical concerns identified during the review of the funding request are addressed to the satisfaction of the TRP during grant-making or implementation.
 - b. **Further iteration required.** The TRP decides that the funding request is not ready to advance to grant-making and requires further iteration before resubmission for another TRP review.

GAC Review

32. GAC Review during the funding request stage is conducted on an as-needed basis in line with the GAC review criteria and terms of reference³⁹. It may be requested by a Country Team or the GAC Secretariat at any time after the TRP review. For some portfolios, a GAC discussion may be needed to:
 - a. Provide strategic steer for critical management concerns for and during grant-making.
 - b. Award funding additional to the allocations, such as matching funds from catalytic investments based on TRP recommendations; including taking investment decisions in line with priorities for portfolio optimization, private sector contributions and financing items on the UQD register.

³⁸ In certain instances, the TRP may be engaged at an earlier stage of the process and before the submission of the application, to help shape the funding request. This may be particularly relevant in instances where innovative financing elements are being explored or joint investments with other financing institutions are sought.

³⁹ Currently under revision. The OPN will be updated to reflect the revised GAC TORs, once approved, in line with efforts to strengthen impact in the next cycle of grants.

- c. Revise or determine the upper ceiling for grant-making, as applicable, including recommending adjustments due to non-realization of government commitments in the previous allocation period.
33. GAC review following a TRP review should not prevent the start of grant-making unless the nature of the steer needed from GAC is integral to commencing grant negotiations.
34. **TRP and/or GAC Issues and Clarifications:** The applicant and the Country Team must ensure that required clarifications or actions are addressed and are fed into the grant-making process in line with the set timelines. At the end of the grant-making process, the Country Team must report to the GAC how TRP and/or GAC issues were addressed through the Final Grant Making Review Form. Please refer to the OPN on Grant Making and Signing (OPN and link forthcoming).

CHANGE HISTORY:

No.	Issued/Changed By	Change Description	Date	Version No
1	Access to Funding	Update to reflect that the HPMT is not required for Focused portfolios.	7 July 2020	1.1

Annex 1. Sources of Funding

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 Methodology⁴⁰.
- 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 alone⁴¹:
 - i. *Matching Funds.* These funds are available to selected countries to incentivize the investment of a country allocation in key strategic priorities. Matching funds will be communicated in the allocation letter and matching funds requests will be reviewed along with the allocation funding request. For more details refer to [Instructions and Guidance for Matching Funds Applications](#).
 - ii. *Multicountry Funding.* These funds are available to target a limited number of key, strategic multi-country 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 comprised fully of the combined allocations of constituent country components⁴². In any case, close coordination between national programs and the implementation of multicountry initiatives must be demonstrated. For more details, please refer to [Guidance 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, but are critical to ensure country allocations deliver against the Global Fund Strategy (e.g., the Emergency Fund, and funding to strengthen community and civil society engagement). These are not covered by this OPN.
- c. **External Complementary Restricted Financial Contributions:** These include contributions by eligible Global Fund donors including corporations, foundations, High Net Worth Individuals and a limited number of authorized public mechanisms i.e. UNITAID and Debt2Health. This type of funding is restricted towards 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.

⁴⁰ https://www.theglobalfund.org/media/8536/bm41_o2-allocation-methodology_report_en.pdf

⁴¹ GF/B41/03 – Revision 1 https://www.theglobalfund.org/media/8537/bm41_o3-catalytic-investments_report_en.pdf

⁴² Ibid

**Design and Review of Funding Requests
(2020-2022 Allocation Period)**

Issued on: 2 September 2019
Approved by: Executive Grant Management Committee
Process Owner: Access to Funding Department

Relevant Operational Policies and Guidance Documents:

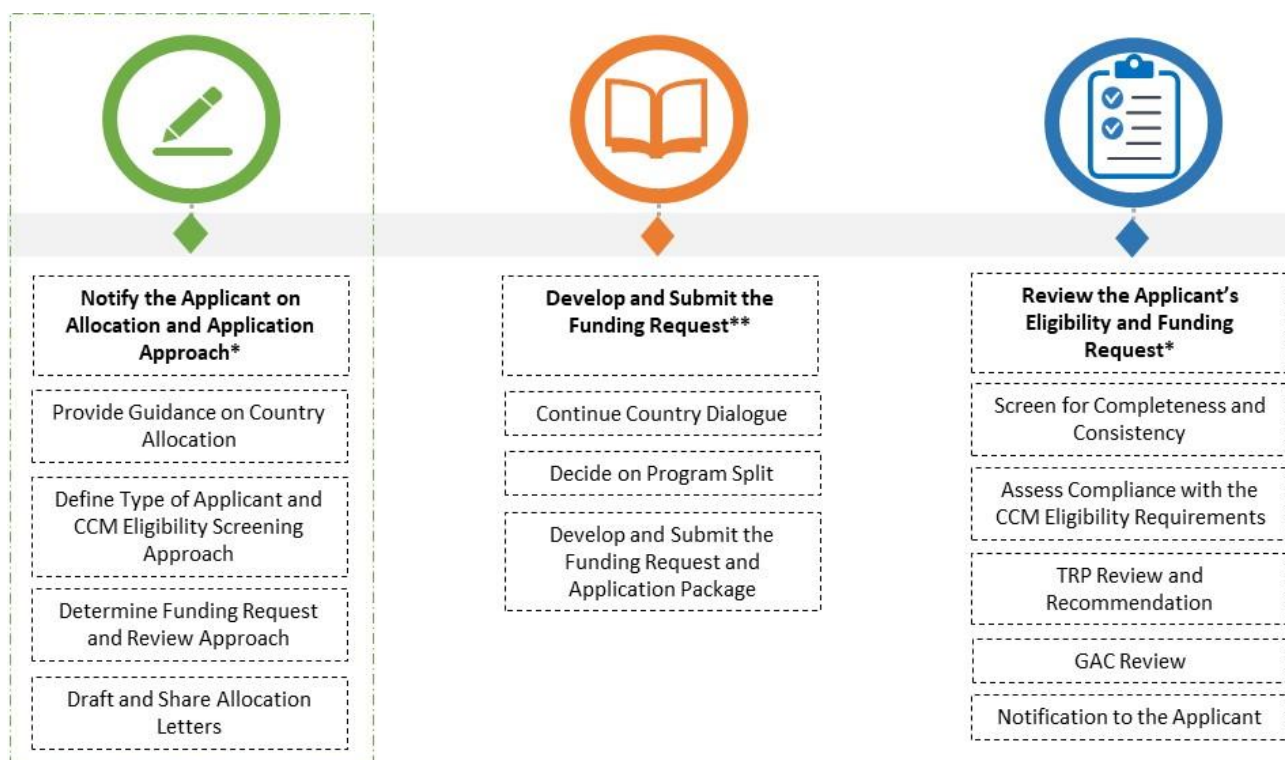
- OPN on Design and Review of Funding Requests
 - [Country Coordinating Mechanism Policy Including Principles and Requirements](#)
 - [Guidelines on Implementers of Global Fund Grants](#)
 - [Guidelines for Grant Budgeting](#)
-

1. This document provides procedural guidance on the different process steps that constitute an integral part of the design and review of funding requests for the 2020-2022 allocation period⁴³.
2. Regardless of the applicable funding request and review approach, Country Teams should refer to the relevant section of the Operational Procedures below for guidance on the applicable process:

I. Notify the Applicant on Allocation and Application Approach**II. Develop and Submit the Funding Request****III. Review the Applicant's Eligibility and Funding Request**

⁴³ Unless specified in these Procedures, capitalized terms are defined in the OPN on Design and Review of Funding Requests.

I. NOTIFY THE APPLICANT ON ALLOCATION AND APPLICATION MODALITY



Legend:

* These are internal steps for the Secretariat

** These steps are for the applicant

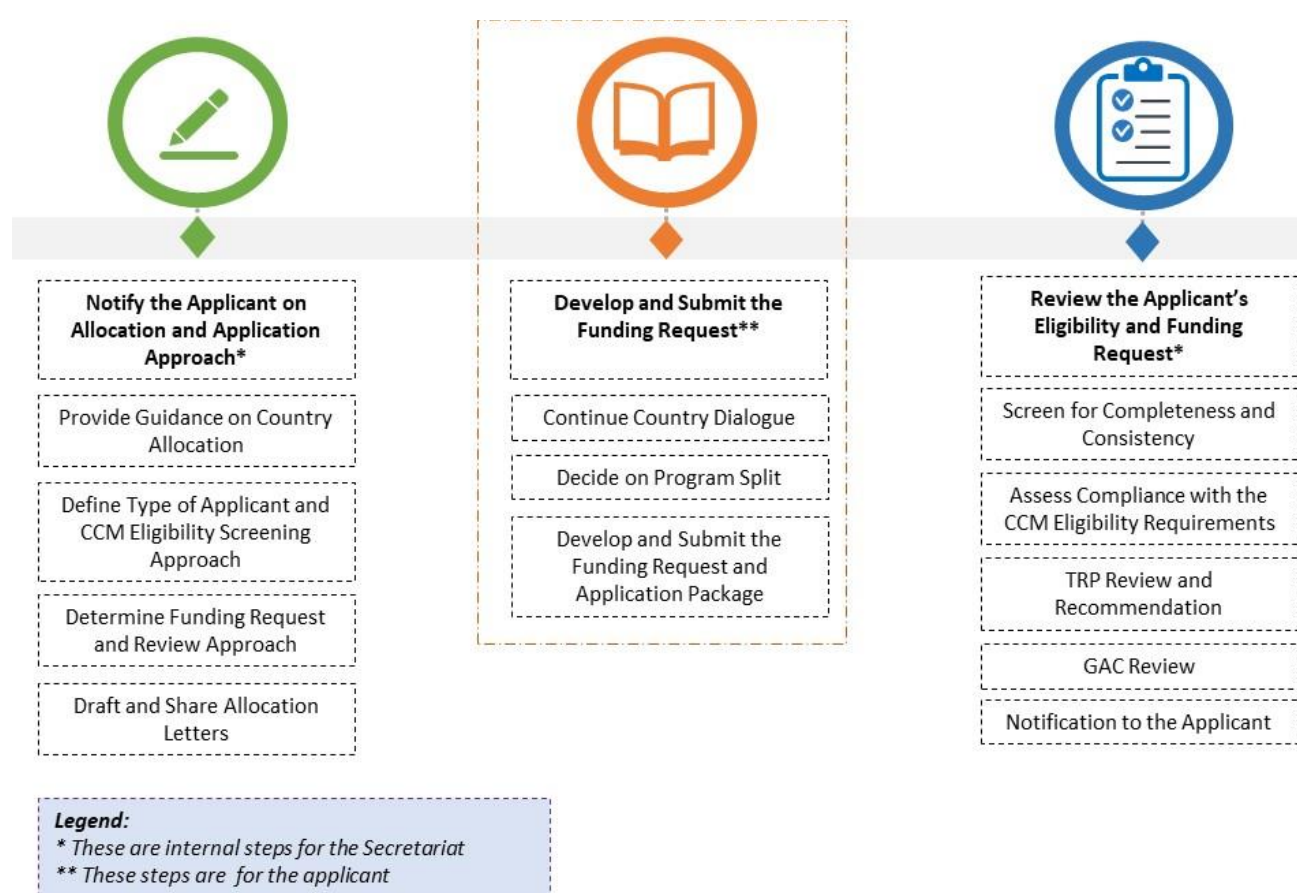
3. **Process.** In advance of the 2020-2022 allocation period, the Global Fund Secretariat prepares and shares a customized allocation letter with eligible applicants. The allocation letter will cover important information as described below, and shall constitute a reference document for the development of the funding request.

Key Outputs	Timeline	Review and Approval
Provide Guidance on Country Allocation		
1. Country allocation and proposed program split	Quarter 4 of 2019	<ul style="list-style-type: none"> Global Fund Board approves based on the recommendations of the Global Fund Secretariat
Define Type of Applicant and CCM Eligibility Screening Approach		
2. Type of applicant (i.e. CCM, Non-CCM, RO, RCM) determined based on historical application and country context	Quarter 4 of 2019	<ul style="list-style-type: none"> A2F Department proposes the types of applicants for the 2020-2022 allocation period <p>Approval by:</p> <ul style="list-style-type: none"> Compliance Review Panel, for Non-CCM applicants
3. Eligibility screening approach (i.e. light or in-depth screening for CCM eligibility requirements) proposed based on compliance risk levels	Quarter 4 of 2019	<ul style="list-style-type: none"> A2F Department proposes the CCM eligibility screening approach, with the support of the CCM Hub

Key Outputs	Timeline	Review and Approval
		Approval by: <ul style="list-style-type: none"> • Compliance Review Panel
Determine Funding Request and Review Approach		
<p>4. Funding request and review approach determined per component based on:</p> <ul style="list-style-type: none"> • portfolio categorization; • application and review approaches by component in the 2017-2019 allocation period; • additional information on material program revisions undertaken for Core/High Impact portfolios; • additional information on transition and NSP potential applicants; • allocation amounts for Core/High Impact portfolios; and • performance of existing grants for Core/High Impact portfolios. 	Quarter 4 of 2019	<ul style="list-style-type: none"> • A2F Department proposes the review approach <p>Approval by:</p> <ul style="list-style-type: none"> • GAC, based on the recommendation of A2F Department
Draft and Share Allocation Letters		
<p>5. Customized allocation letters per applicant, including the following information:</p> <ul style="list-style-type: none"> • allocation amount; • allocation-related decisions or outcomes with intended implications around the use of funds; • recommended application approach for each eligible component; • applicant type and applicable CCM eligibility screening approach; • type of attachments that must be included as part of the funding request package; • guidance on program split and qualitative adjustments in relation to program split; • guidance on health systems investments; • details on co-financing commitments/co-financing incentives/co-financing requirements • focus of application requirements depending on the applicant's income level; • eligibility for matching funds; and 	Quarter 4 of 2019	<ul style="list-style-type: none"> • A2F Department prepares the allocation letters • Country Teams, Allocation Team, Program Finance and Controlling, Regional Finance Managers, Policy Hub, Legal and Risk Departments review and provide input • Regional Manager/Department Head reviews allocation letters, including revisions, if any <p>Approval by:</p> <ul style="list-style-type: none"> • Head, Grant Management Division

Key Outputs	Timeline	Review and Approval
<ul style="list-style-type: none"> any applicable messages that the Global Fund Secretariat wants to convey to the applicant in relation to their portfolio (e.g. identified recoveries, management actions, implementation requirements such as the joint funding requests, one Principal Recipient, privileges and immunities, etc.) 		

II. DEVELOP AND SUBMIT THE FUNDING REQUEST



4. **Process.** The development of the funding request is led by the applicant and must follow a multi-stakeholder consultation process. The Country Team may input into the process as part of the country dialogue process. Below are the key outputs of the process:

Key Outputs	Timeline	Review and Approval
Continue Country Dialogue		
1. Support the Country Dialogue on relevant policies and processes to ensure robust analysis is considered when	Prior and during the country dialogue	<ul style="list-style-type: none"> Country Team, with inputs from the Regional Manager

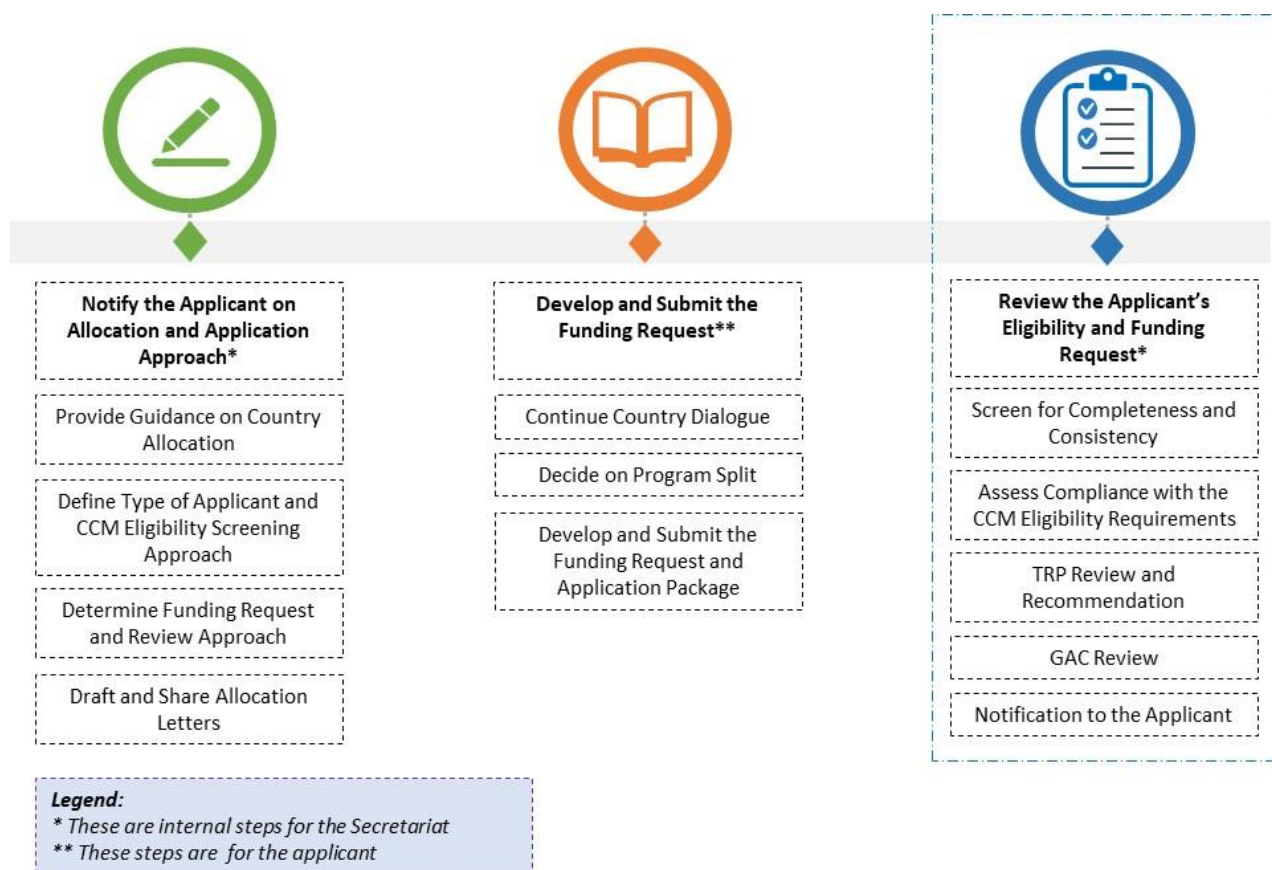
Key Outputs	Timeline	Review and Approval
Continue Country Dialogue		
prioritization discussions take place		
2. Confirmation of, or changes to, the funding request and review approach	During the country dialogue, and prior to developing the funding request	<ul style="list-style-type: none"> Applicant confirms the funding request approach or proposes changes if applicable, with a supporting rationale Country Team and A2F review proposed changes, if applicable <p>Approval by:</p> <ul style="list-style-type: none"> FPM, if the change is within the parameters described in paragraph 12 of the OPN on Design and Review of Funding Requests GAC, if the change is outside the allowable changes described in paragraph 12 of the OPN on Design and Review of Funding Requests
Decide on Program Split		
3. Confirmation of, or changes to, the program split	During the country dialogue, and prior to developing the funding request	<ul style="list-style-type: none"> Applicant confirms the disease split or proposes changes by completing the Program Split Confirmation Template⁴⁴ Country Team reviews the completed form, with input from TAP, as appropriate <p>Approval by:</p> <ul style="list-style-type: none"> Approval authority, as per the OPN on Design and Review Funding Request (<i>link forthcoming</i>), and based on defined thresholds
Develop and Submit Funding Request and Application Package⁴⁵		
4. Submission of the funding request for the entire eligible component's allocation, including any investments towards RSSH	As per the deadline for the TRP review window the applicant registered for	<ul style="list-style-type: none"> CCM Secretary (or representative for other types of applicants) submit the complete application package in electronic format to the A2F Department

⁴⁴ Shared with the allocation letter.

⁴⁵ Grant-making documents can be downloaded by the Country Teams as soon as the funding request documents are submitted to the Global Fund. This is meant to help the Principal Recipient advance in completing the grant-making documents and avoid delays in signing.

III. REVIEW THE APPLICANT'S ELIGIBILITY AND FUNDING REQUEST

5. **Process.** Funding requests submitted to the Global Fund are evaluated for technical merit and strategic focus by an independent group of experts, the TRP. The TRP assesses funding requests for strategic focus, technical soundness and potential for impact in accordance with the Global Fund strategy and guidance from the Board. To ensure the TRP has access to complete documentation prior to undertaking their review, and that applicants are compliant with the CCM eligibility requirements, where relevant, the Global Fund Secretariat undertakes a screening process prior to the TRP's review.



Key Outputs	Timeline	Review and Approval
Screen for Completeness and Consistency		
1. Screen funding requests for completeness and consistency	Upon receipt of the funding request	<ul style="list-style-type: none"> A2F Department with relevant Country Teams
Confirm all mandatory documents are submitted and programmatic and financial information are consistent across all documents		
Assess Compliance with the CCM Eligibility Requirements		

Key Outputs	Timeline	Review and Approval
2. Screen for compliance with CCM Eligibility Requirements 1 and 2 and the availability of all signatures on the Endorsement Form	Upon receipt of the funding request	<ul style="list-style-type: none"> • A2F Department, with input from CRG and CCM Hub, document compliance findings through Screening Review Template per applicant • Country Teams review the completed Screening Review Form <p>Approval by:</p> <ul style="list-style-type: none"> • A2F, Department Head approves for applicants considered compliant with the requirements • Compliance Review Panel assesses instances where applicants are deemed indeterminant or non-compliant and makes a final decision
TRP Review and Recommendation		
3. Review of funding requests and capturing outcome, findings and actions in the TRP Review and Recommendation Form	<ul style="list-style-type: none"> • TRP Recommendation: During TRP Review Meeting • TRP Leadership Clearance of TRP Review and Recommendation Form: average of 10 working days after TRP review 	<ul style="list-style-type: none"> • Country Team provides inputs through Secretariat Briefing Note • TRP group reviews and captures findings in the draft TRP Review and Recommendation Form • TRP Review Group presents the findings at the TRP Plenary Meeting <p>Approval by:</p> <ul style="list-style-type: none"> • TRP Plenary approves the recommendation of the review group • TRP Leadership signs-off on the TRP Review and Recommendation Form
GAC Review⁴⁶		
4. If needed and requested by the Country Team or GAC Secretariat members (as per the parameters defined in the OPN on Design and Review of Funding Requests) GAC reviews findings captured in the TRP	After the TRP meeting	<ul style="list-style-type: none"> • GAC steer

⁴⁶ Currently under revision. The procedures will be updated to reflect the revised GAC TORs, once approved, in line with efforts to strengthen impact in the next cycle of grants.

Key Outputs	Timeline	Review and Approval
Review and Recommendation Form		
Notification to the Applicant		
5. Notify the applicant on: <ul style="list-style-type: none"> • TRP recommendation and GAC steer (as relevant) • guidance on grant making (as relevant) 	On average, 5 working days (English only) or 10 working days (for translation) from the receipt of the Final TRP and Recommendation Form from the TRP Leadership	<ul style="list-style-type: none"> • Country Team

MONITORING AND REPORTING

6. The design and review of funding request processes will be monitored by the Access to Funding Department.
7. The following data points will be monitored:
 - a. Number of funding requests registered, submitted, reviewed, recommended for grant-making by review window and cumulatively;
 - b. Application approaches used;
 - c. Number of funding requests iterated;
 - d. Amounts recommended for funding by the TRP from the allocation;
 - e. Amounts requested and recommended by the TRP for catalytic matching funds and multicountry requests;
 - f. Amounts requested for above allocation, and interventions and amounts recommended as UQD;
 - g. 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);
 - h. Number and types of issues raised by the TRP during their review; and
 - i. TRP observations and lessons learned from the different review windows.

**MAKE, APPROVE AND SIGN GRANTS
(2020-2022 Allocation Period)**

Approved on: 29 April 2021
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions and Support Department

Key Performance Indicators for Grant-Making

PRs and Country Teams are expected to meet the following grant-making key performance indicators:

- Grants are submitted to GAC within six months from the relative Funding Request submission to the TRP; and
- The Grant Confirmation is signed at least one month before the (new) IP start date.

OVERALL OBJECTIVE

35. Grant-making is the process of translating the funding request, including recommendations from the Technical Review Panel⁴⁷ (TRP) and the Grant Approvals Committee (GAC), as relevant, into quality grants⁴⁸ that are (1) **disbursement-ready** for GAC recommendation and Board approval, and (2) **implementation-ready** at Implementation Period (IP) start date.

	Definition
Disbursement-ready	<p>Disbursement readiness is achieved when:</p> <ul style="list-style-type: none"> i. all grant documents⁴⁹ required for GAC review are in their final form and agreed by the Global Fund Country Team (CT) and the Principal Recipient (PR); ii. issues and strategic actions identified by the TRP that need to be addressed during the grant-making process have been addressed by the Country Coordinating Mechanism (CCM)⁵⁰ to the satisfaction of the TRP and/or the Secretariat (where delegated); iii. all critical issues that need to be addressed prior to release of first annual funding decision and disbursement are resolved; iv. residual risks have been identified and prioritized, with actions and controls defined to mitigate each risks to an acceptable level.
Implementation-ready	<p>Implementation readiness is achieved when: a disbursement-ready grant has been approved and signed, and the PR can begin implementing grant activities⁵¹ immediately on the Implementation Period start date. This requires advance preparation, such as</p> <ul style="list-style-type: none"> i. early identification and contracting of PR human resources;

⁴⁷ 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).

⁴⁸ A quality grant is defined as a grant positioned to effectively deliver its strategic objectives and achieve the targeted impact as reviewed by the Technical Review Panel (TRP) and as approved by the Global Fund Board.

⁴⁹ As defined in Annex 1.

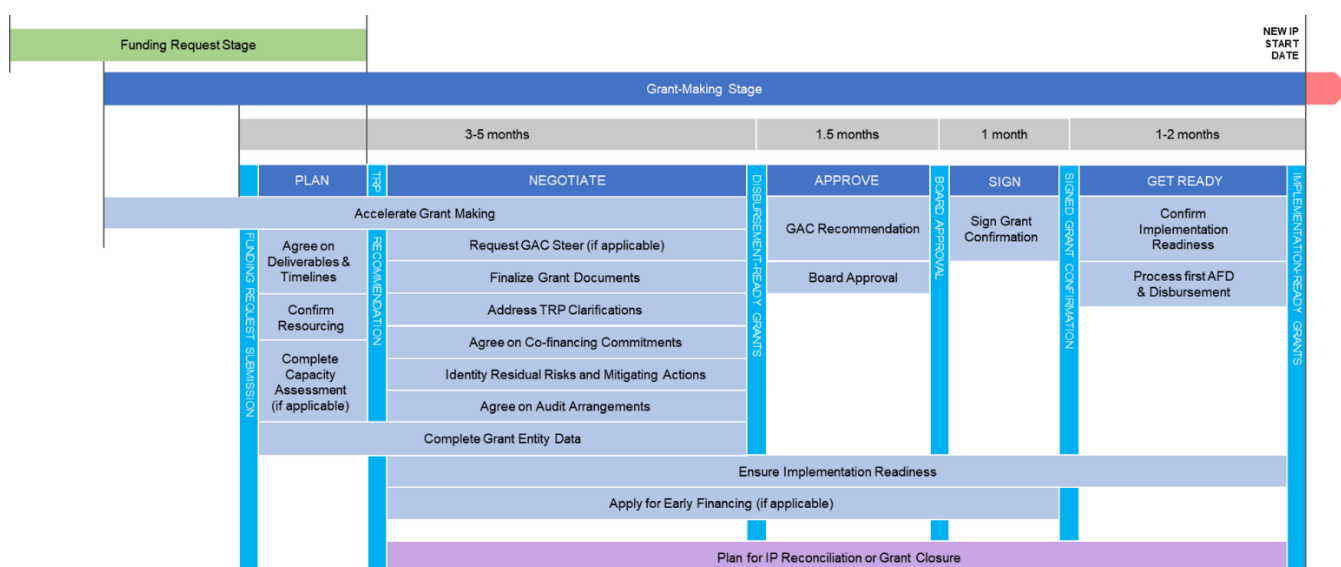
⁵⁰ Throughout this OPN, references to CCM include any Regional Coordinating Mechanism (RCM), Regional Organization (RO) or other applicant, as applicable.

⁵¹ Excluding preparatory activities required to be undertaken prior to Implementation Period start date.

	<ul style="list-style-type: none"> ii. early identification and contracting of Sub-recipients; iii. early identification and contracting of Suppliers of health products and critical services⁵²; and iv. an agreed implementation work plan⁵³ for year one of the Implementation Period.
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36. Disbursement readiness and implementation readiness facilitate (i) timely implementation of Program activities from start date of the Implementation Period; (ii) continuity of programs across Implementation Periods, and (iii) high absorption of funds in the first year of implementation.

The grant-making diagram below identifies key steps of this process with associated timelines:



OPERATIONAL POLICY

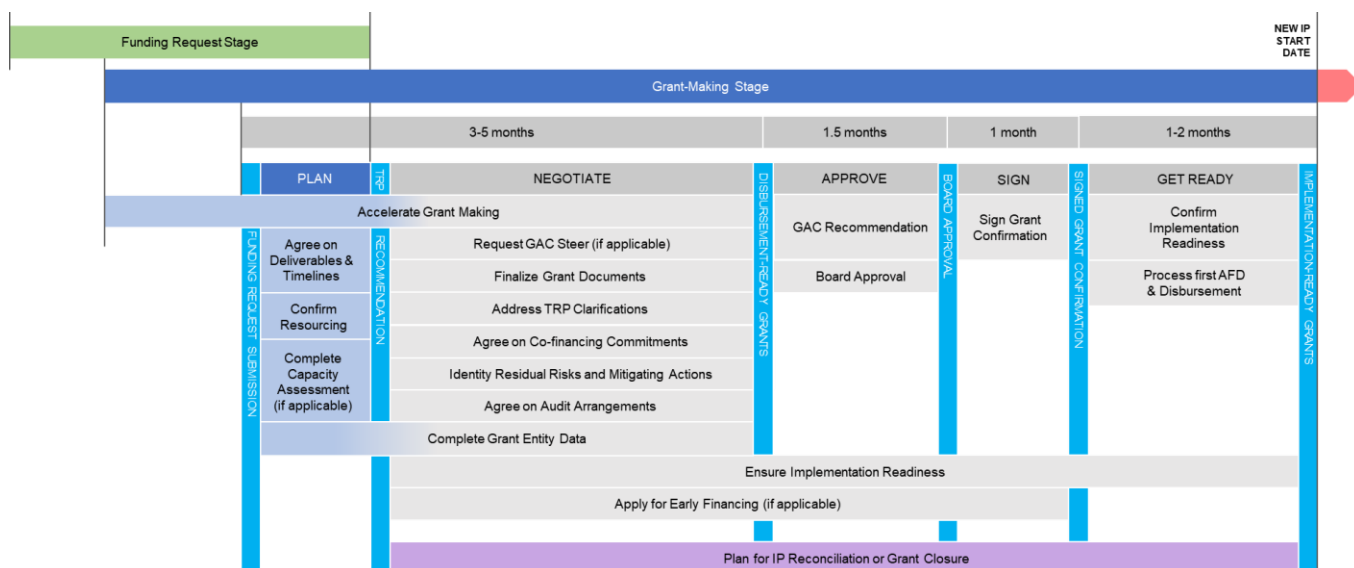
37. This Operational Policy Note (OPN) applies to grants financed under the 2020-2022 allocation period and thereafter. The OPN on Access to Funding, Grant Making and Approval issued on 4 December 2017 applies to grants financed prior to the 2020-2022 allocation period.

38. This OPN defines the differentiated rules and requirements for the grant-making stage for country and multi-country grants (any multi-country specific rules and requirements are listed in a dedicated section).

⁵² 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.

⁵³ The Global Fund does not have a prescribed template for the implementation work plan.

A. PLAN



39. Robust planning and preparation, incorporating lessons learned, are crucial to ensure timely grant-making.

Accelerate Grant-making

40. The Global Fund expects the CT, CCM, PR and Local Fund Agent (LFA) to exploit all available opportunities to accelerate the grant-making process by the most efficient means possible. A key element in accelerating grant-making and producing quality grants is a strong collaboration between the CCM and PR to develop detailed grant documents as early as possible during the funding request stage prior to submission to the TRP. Key documents to be developed at this stage are:

- i. Performance Framework;
- ii. Detailed and Summary Budget;
- iii. Health Product Management Template (HPMT); and
- iv. Implementation Arrangement Map.

41. Early work on grant-making will reduce the overall time from funding request to grant signing, and allow the PR and the CT additional time to ensure implementation readiness before the Implementation Period start date.

42. Early work on grant-making is considered for all portfolios with specific grants strongly recommended by the Global Fund Secretariat to follow this approach. These grants (“accelerated grant-making cohort”) have demonstrated good programmatic⁵⁴ and financial⁵⁵ performance, with continuing PRs and no foreseen material⁵⁶ programmatic changes for the new allocation period.

43. The defined cohort of grants will be subject to streamlined document requirements for GAC recommendation (see *Annex 1 of this OPN*) and, in most cases, will not receive TRP clarifications to be addressed during grant-making.

⁵⁴ Demonstrated good grant performance (A1, A2, B1) during the 2017-2019 allocation period based on the most recent grant rating.

⁵⁵ Good absorption scores and expenditure rates based on criteria used for Key Performance Indicator (KPI) reporting and the Qualitative Adjustment process.

⁵⁶ As defined in the *OPN on Grant Revisions*, and confirmed by the Country Team with the Technical Advisors.

Agree on Deliverables and Timelines

44. It is strongly recommended that the Global Fund CT, CCM, PR and LFA plan early for the grant-making deliverables, key milestones (e.g., GAC recommendation) and timelines as part of the planning for the funding request. The grant-making project plan will also cover the time required to undertake preparation activities to ensure implementation readiness.
45. The grant-making project plan is to be agreed as early as possible and no later than the date of receipt of the TRP recommendations, to guide the grant-making process and ensure that the translation of the funding request into a disbursement-ready and implementation-ready grant occurs in a timely manner.
46. Annex 1 to this OPN provides an overview of the differentiated grant-making deliverables based on portfolio categorization and other considerations (e.g., multicountry grants, challenging operating environments, payment for results). The CT will apply differentiated requirements accordingly.
47. As part of the planning, the engagement and inputs from relevant in-country stakeholders, the Global Fund Secretariat teams and LFA must be defined. LFA services are tailored according to the assurance needs of the CT using relevant LFA tools and guidelines.
48. The grant-making diagram within this document provides the standard timeline for completion of each grant-making phase. CTs and PRs use these timelines in their planning and negotiation. For all grants, signing of the Grant Confirmation by all parties occurs at least one month before the new Implementation Period start date, but ideally two months in advance, to allow critical time for PRs to undertake preparatory measures to ensure implementation readiness.

Confirm Resourcing

49. For continuing grants, the CT and PR will determine if additional PR human resources are needed to support grant-making, noting that implementation of the existing grant and Implementation Period reconciliation activities will overlap. Should the PR require 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 will 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).

Complete Capacity Assessment (if applicable)

50. 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 (e.g. a PR previously implemented LLIN campaigns and will now also implement case management activities).
51. 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 *OPN on Risk Management* provides the process for determining if a capacity assessment is required for a nominated PR.
52. Capacity Assessments are initiated immediately after the funding request is submitted to the TRP and completed prior to the receipt of TRP recommendations. Based on the capacity assessment and the recommendation of the Country Team, the Regional

Manager/Department Head⁵⁷, will decide to accept or reject the nominated PR prior to proceeding to grant-making. In the event that a nominated PR is rejected, a request for the nomination of an alternative PR will be made to the relevant CCM and another capacity assessment will be conducted as required.

53. While the assessment of Sub-recipient (SR) capacities is a PR responsibility, the Global Fund reserves the right to undertake such capacity assessment in unique circumstances. (see *OPN on Additional Safeguards Policy*)

Complete Grant Entity Data

54. Grant Entity Data (formerly Master Data) includes data and information required to process grant documentation and disbursements. The successful execution of a grant is underpinned by the timely input of up-to-date Grant Entity Data for each PR, LFA, CCM, and third-party organization into the dedicated Global Fund Partner Portal. See Master Data Guidance Notes⁵⁸

55. During grant-making, the following information will be provided to and validated by the Global Fund:

- i. **PR, CCM, LFA and/or Third-Party information;** containing critical entity information, including name, type and address of the organization and contact details.
- 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 Signatory Information;** containing authorized Signatories for legally-binding agreements and disbursement requests and/or representative for notices (including name and job title), together with a certified specimen signature⁵⁹.

56. **Due diligence screening.** As part of the Grant Entity Data process, the Global Fund conducts a due diligence screening of key grant stakeholders against (a) international terrorism, and (b) sanctions lists. Signature of the Grant Confirmation cannot proceed until due diligence clearance is received from the Global Fund.

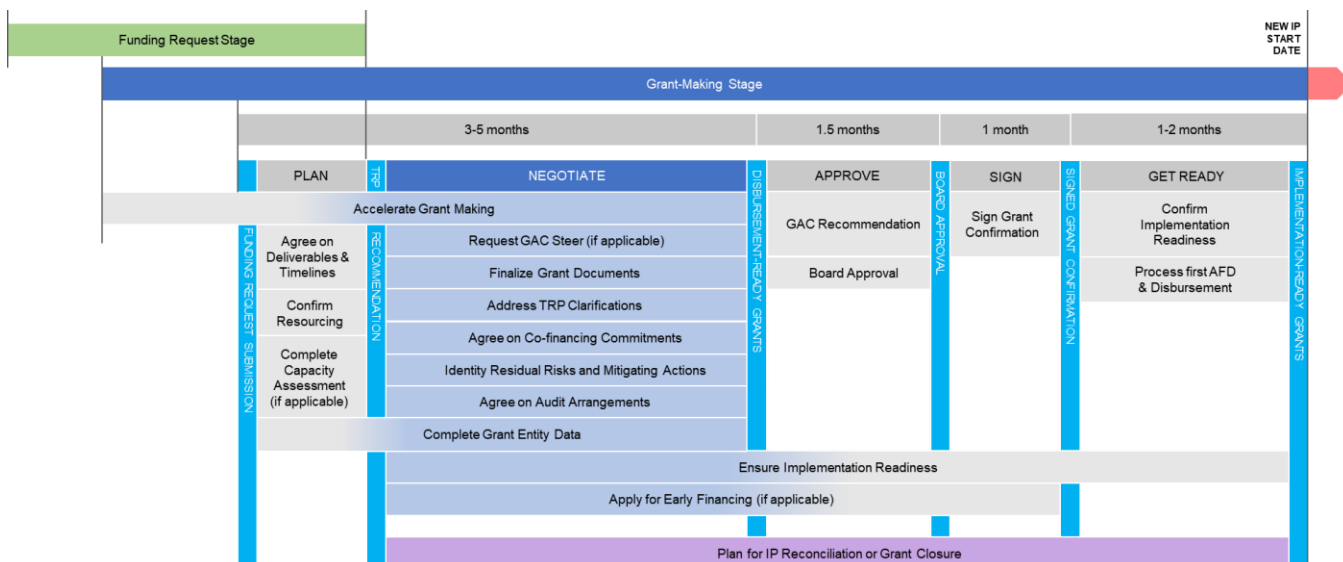
B. NEGOTIATE

57. During the negotiate phase all grant documents required prior to GAC review are completed and TRP clarifications due at grant-making are addressed, resulting in a finalized disbursement-ready grant for submission to GAC.

⁵⁷ For High Impact Departments.

⁵⁸ To be replaced by *OPN on Grant Entity Data (forthcoming)*

⁵⁹ Certified Specimen Signature is provided on a template letter which is shared by the Country Team.



Request GAC Steer or Decision (if applicable)

58. As indicated in the *OPN on Design and Review Funding Request*, CTs, GAC or partners⁶⁰ may request a GAC review⁶¹ 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, size of investment or strategic priorities. For some portfolios, a GAC discussion may be needed to:

- i. Provide strategic steer for critical management concerns for and during grant-making;
- ii. Award funding additional to the allocations, such as matching funds from catalytic investments based on TRP recommendations; including taking investment decisions in line with priorities for portfolio optimization, private sector contributions and financing items on the unfunded quality demand (UQD) register; and
- iii. Revise or determine the upper ceiling for grant-making, as applicable, including recommending adjustments due to non-realization of government commitments in the previous allocation period.

59. 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 commencing negotiations.

Finalize Grant Documents

60. 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 in an iterative manner to arrive to final grant documents that are:

- i. accurate and clear to ensure quality and timely implementation, monitoring and reporting for the next Implementation Period;
- ii. streamlined⁶², in that they respond to the need for detail without becoming overly complex and difficult to report against;

⁶⁰ Technical and donor partners that participate in the GAC.

⁶¹ Refer to the [GAC Terms of Reference](#).

⁶² CTs and PRs are expected to use flexibilities available to simplify grant documents such as budget and performance frameworks for focused portfolios.

- iii. aligned with the funding request that has been reviewed and recommended by the TRP (including required clarifications);
- iv. aligned and consistent with one another (especially the key documents being the Performance Framework, Detailed and Summary Budget, Health Product Management Template and Grant Confirmation); and
- v. compliant with relevant Global Fund policies, guidelines and templates as applicable.

61. Reinvesting efficiencies identified during grant-making. During the grant-making stage, CTs will work with PRs and LFAs, as applicable, to ensure resources are invested to maximize impact and achieve efficiency. Based on interventions recommended by the TRP for the UQD register, the PR will define specific activities and capture them in the Detailed Budget (see [Instruction for Completing the Detailed Budget Template](#)). Any efficiencies identified during grant-making can be reinvested to fund these UQD activities or in line with TRP recommendations. The reinvestment of foreign exchange savings during grant-making is subject to the [Guidelines on Grant Budgeting](#). The inclusion of new activities that constitutes a material⁶³ programmatic change to the TRP-recommended funding request will require re-submission for TRP review.

62. Under the Sustainability, Transition & Co-Financing (STC) policy, all countries are strongly encouraged to strengthen attention to sustainability in their national planning, programs and grant design. During grant-making, all CTs are required consider the major challenges and risk to sustainability and work with PRs to incorporate mitigating actions in grant design, such as grant requirements, management actions, and co-financing commitments, and or relevant technical assistance. Specifically, for all Upper Middle-Income Countries (UMIC) and Lower Middle-Income Countries (LMIC) with “Not High” disease burden, CTs will work with PRs to address sustainability and transition considerations and consider investing efficiencies identified during grant-making in activities designed to strengthen transition preparedness. For more information on the Global Fund’s overall approach to STC, see [Sustainability, Transition and Co-Financing Guidance Note](#).

Address TRP Clarifications

63. The CCM, PR and CT will collaborate to ensure that time-bound TRP clarifications, required to be addressed during grant-making, are completed and reflected in the final grant documents. The CT will report on status of completion (i.e., met, in progress, delayed, not started) to the GAC. Outstanding (i.e., all unmet) TRP clarifications (including clarifications to be addressed during implementation) are captured in the Integrated Risk Management Module and followed-up during grant implementation.

Agree on Co-financing Commitments

64. To achieve lasting impact, increased domestic financing of health 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. Specific co-financing commitments that help address strategic sustainability and/or transition challenges will be agreed between the Global Fund and the Grantee during grant-making. See *OPN on Co-Financing* for more details on these requirements.

Identify Residual Risks and Mitigating Actions

⁶³ As defined in the *OPN on Grant Revisions* to be determined by the CT and Technical Advisors.

65. The initial risk assessment performed during the funding request stage is further developed during grant-making, based on a completed capacity assessment and known risks and gaps (as applicable), and review of grant documents. Risks and capacity gaps that are required to be addressed as part of the design of the grant and implementation arrangements must be reflected in the finalization of grant documents.
66. Key residual risks, capacity gaps and mitigating actions are required to be reported to the GAC. Depending on criticality, the Country Team will decide if mitigating actions will be captured (i) as legally-binding grant requirements in the Grant Confirmation to address a critical risk or issue related to program implementation, or (ii) as management actions to be communicated in a Notification Letter upon completion of grant-making, and monitored during implementation for other non-critical risks/issues.

Update UQD Register

67. The UQD Register must be updated by the CT to add activities arising from the prioritized above allocation request (PAAR), or remove activities that are funded using efficiencies, catalytic investments or portfolio optimization. This information will be updated as necessary throughout the grant-lifecycle.

Agree on Audit Arrangements

68. 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, overall approach to selection and approval of the auditor. The auditor should be selected within three months from grant signing. (see [Guidelines for Annual Audit of Global Fund Grants](#))

Ensure Implementation Readiness

69. In addition to approval and signature of a disbursement-ready grant, the four principal criteria of **implementation readiness** are as follows:
- i. **early identification and contracting of PR human resources.** The PR will define the staffing structure and identify /select PR staff with approved Terms of Reference (ToRs) and contracts. PR staff contracts can be signed immediately after Global Fund Board approval of the grant (subject to applicable laws and regulations and in compliance with the Global Fund Grant Regulations (2014)⁶⁴.) For PRs continuing to the next Implementation Period, this would entail updating already existing ToRs and extending contracts of well-performing staff⁶⁵ into the next Implementation Period. The Global Fund does not require a competitive re-selection of well-performing staff for each Implementation Period, provided the re-selection of staff is in compliance with the Global Fund Grant Regulations (2014) and other applicable laws and regulations.
 - ii. **early identification and contracting of SRs.** Based on the defined implementation arrangements, the PR will select the SRs with approved ToRs and contracts. Contracts can be signed immediately after the Global Fund Board approves the grant, subject to applicable laws and regulations and in compliance with the Global Fund Grant Regulations (2014)⁶⁶. The Global Fund does not require competitive re-selection of existing SR(s) if they have demonstrated good performance and there is no change in the programmatic areas of work in the new Implementation Period, and providing the re-selection of the SR is in compliance

⁶⁴ As incorporated into the Framework Agreement with the Grantee.

⁶⁵ As determined by the Principal Recipient.

⁶⁶ As incorporated into the Framework Agreement with the Grantee.

with the Global Fund Grant Regulations (2014) and other applicable laws and regulations.

- iii. **early identification and contracting of Suppliers for health products and critical services**⁶⁷. For grants requiring procurement of health products and critical services for the first year of implementation, the PR will initiate the procurement process immediately after TRP recommendation of the grant. Early procurement of health products requires approval by the Global Fund (see *Annex 2 on Advance Payment Mechanism*) and procurement may be done through the (i) Pooled Procurement Mechanism (see *OPN on Pooled Procurement Mechanism*), or (ii) the PR's own procurement process, if the PR cannot register with PPM.

For PRs using PPM, it is expected that the PPM purchase requisition has been completed by the PR and approved by the Global Fund by the Implementation Period start date.

For PRs procuring through their own processes, it is expected that Suppliers are selected with approved ToRs and contracts. Contracts can be signed immediately after the Global Fund Board approves the grant, subject to applicable laws and regulations and in compliance with the Global Fund Grant Regulations (2014)⁶⁸.

- iv. **agreed implementation work plan for year one of the Implementation Period**. The CT and PR will agree on an implementation work plan, including 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.

70. **The CT's role in achieving implementation readiness**. PRs are primarily responsible for achieving implementation readiness at the Implementation Period start date. CTs have a crucial role in assisting PRs to achieve this objective and are expected to use the Implementation Readiness Checklist to help better understand bottlenecks to implementation readiness for PRs and carry out a final assessment prior to the Implementation Period start date. The CT will work with the PR to identify support mechanisms, as appropriate, depending on the PR type and its circumstances. (see *Annex 2 on Advance Payment Mechanism*).

Apply for Advance Payment (if applicable)

71. To support PRs in completing grant-making with minimal delay, certain expenditures may be financed prior to the signing of the Grant Confirmation, subject to the conditions detailed in *Annex 2 on Advance Payment Mechanism*. Advance payments are limited to two types of activities with unique eligibility requirements: (1) capacity building and start-up activities, and (2) health product procurement. If these advance payments are not available (because the eligibility requirements are not fulfilled), certain exceptionally-approved, limited activities may be financed by the PR (see *Annex 2 for more detail*).

⁶⁷ Such as fiscal/fiduciary agents, and in cases where warehousing or distribution services that need to be in place without a break in contract.

⁶⁸ As incorporated into the Framework Agreement with the Grantee

C. APPROVE



GAC Recommendation

72. The CT summarizes the outcomes of grant-making into the Grant-Making Final Review Form. On behalf of the CT, the Fund Portfolio Manager certifies that the final grant is disbursement-ready (as defined in the Overall Objectives section of this OPN) and confirms that all CT members, Risk Specialist⁶⁹ 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 will be resolved per the escalation procedure defined in the *Country Team Approach*. Any unresolved critical issues that impact the disbursement readiness of the grant are captured in the Grant-Making Final Review Form.
73. Prior to submission to GAC, the Regional Manager or Department Head⁷⁰ reviews the outcomes of grant-making and confirms the disbursement-readiness of the grant. The Regional Finance Manager provides confirmation of the grant financial information and a pre-approval of the first annual funding decision for the grant provided this is processed within 30 days of signature of the Grant Confirmation.
74. The GAC will make the final determination of disbursement readiness in line with its *Terms of Reference*, which includes the responsibility to review grant targets as they relate to the Global Fund Strategy targets and the relevant co-financing commitments.
75. 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 back to the CT for revision or adjustments in response to GAC comments and critical issues observed; or (c) refer the proposed grant back to the TRP if there are material⁷¹ 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.

⁶⁹ Risk Specialist reviews only for core and high impact portfolios.

⁷⁰ For High Impact Departments

⁷¹ Based on material programmatic changes defined in the *OPN on Grant Revisions* to be determined by CT and Technical Advisors.

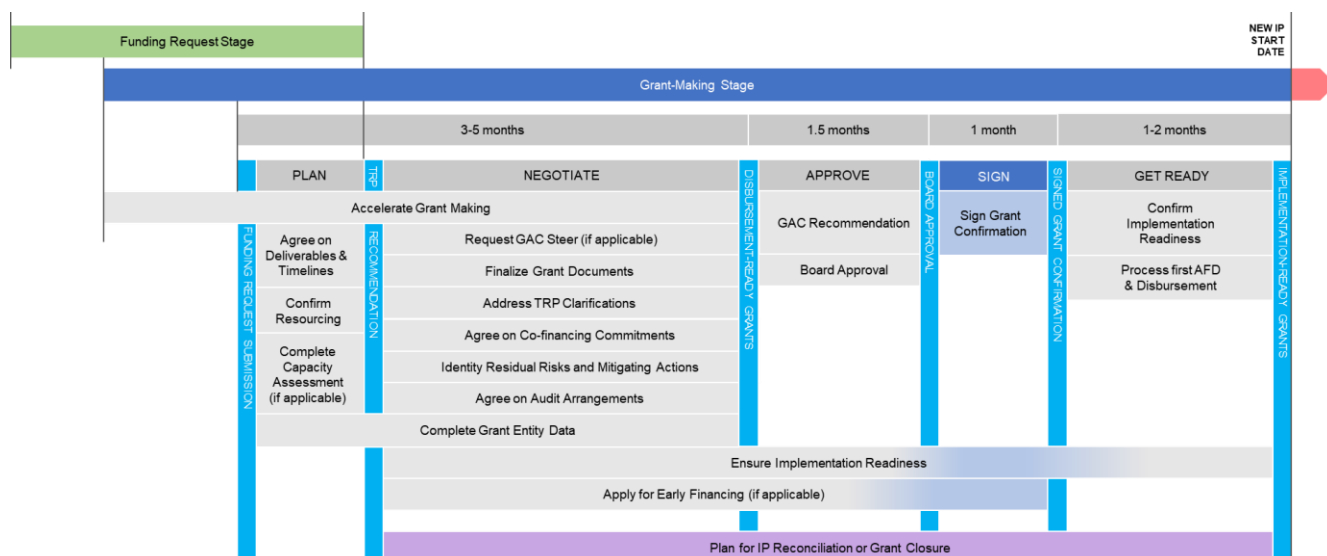
Global Fund Board Approval

76. Board approval of disbursement-ready grants is requested via an electronic report in which the Global Fund Secretariat will present the scope of interventions and investments agreed by the Global Fund Secretariat for the grant. The Board approves the grants on a no-objection basis over a 10-working-day voting period.
77. For each grant, the Board approves funding for each country disease component, and its constituent grants.

Plan for Implementation Reconciliation or Grant Closure

78. In parallel with grant-making and approximately six months before the end-date of the current Implementation Period, the CT and the PR are required to also initiate the reconciliation of Implementation Period or closure process for expiring grants. See [OPN on Implementation Period Reconciliation and Grant Closure](#)

D. SIGN



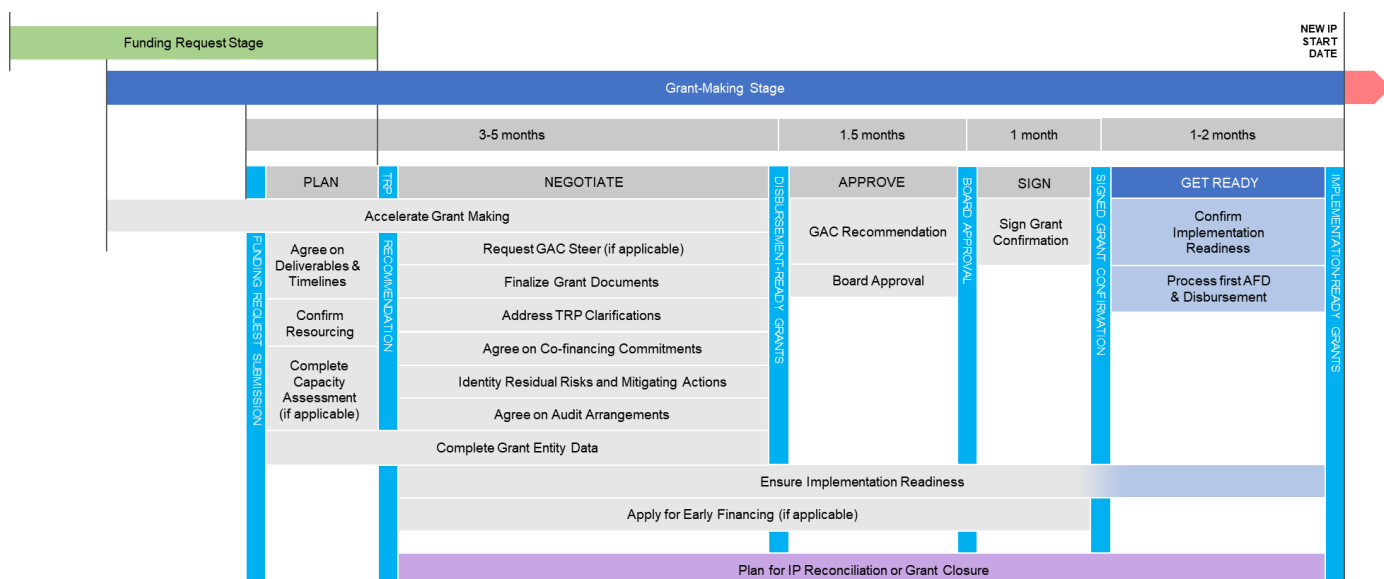
Sign Grant Confirmation

79. The signed Grant Confirmation is the legal instrument that, together with the Framework Agreement (where applicable), forms the basis of the contractual obligations between the Global Fund and the PR.
80. Following Board approval, a Grant Confirmation is signed for each grant. The Grant Confirmation is signed as soon as possible after Board approval and no later than 1 month before the IP start date⁷². The document is signed by the PR (or Grantee) followed by acknowledgement of the CCM Chair or Vice-Chair and the Civil Society Representative. Once the signature and acknowledgements are received, the Global Fund will sign. Global Fund signature follows the Delegations of Signature Authority (as amended from time to time).

⁷² Ideally, the Grant Confirmation is signed two months before the IP start date.

E. GET READY

81. Following signature of the Grant Confirmation, the PR and CT will continue to collaborate to ensure implementation readiness of the grant and process the first annual funding decision.



Confirm Implementation Readiness

82. Prior to Implementation Period start date, the CT will assess the overall status of implementation readiness of each grant. In the event that implementation readiness is not achieved, the CT and the PR will define time-bound mitigating actions for each grant to address the outstanding issues.

Process First Annual Funding Decision and Disbursement

83. Processing of the first annual funding decision and disbursement is completed after the Grant Confirmation is signed, taking into account the pre-approval by the Regional Finance Manager (prior to submission to GAC) for AFD processed within 30 days from Grant Confirmation signature (see the *OPN Annual Funding Decisions and Disbursements*).

84. The first disbursement release is based on cash requirements in line with the approved budget.

SPECIFIC MULTICOUNTRY CONSIDERATIONS

85. Multicountry grants refer to (i) grants financed through combined country allocations (e.g. Multicountry Western Pacific and Multicountry Caribbean), and (ii) regional grants financed through the Catalytic Investments – Multicountry Modality. Multicountry grants generally follow the grant-making approach and requirements defined above with the following specific considerations.

86. For multicountry grants, reference to CCM includes engagement of the Regional Organization (if applicable), Regional Coordinating Mechanism (RCM) and CCM representatives of all countries included within the grant.
87. During planning, relevant stakeholder engagement will include all countries that form part of the grant application and also PRs of existing Global Fund grants in the countries. The tailoring of LFA services will take into account the legal and political considerations and logistics of cross-border implementation.
88. The capacity assessment for multicountry grants will assess, among others, (1) the legal capacity of the PR (and subsequently, any SR) to operate in all jurisdictions covered by the grant, and (2) the PR's and any SR's ability to effectively manage a grant across multiple jurisdictions.
89. For multicountry grants financed under the Multicountry Catalytic Investments, the updated Programmatic Table, the updated Funding Landscape Table and Monitoring and Evaluation (M&E) plan are not required as part of grant-making.
90. Required co-financing commitments for multicountry grants are defined in the *OPN on Co-Financing*.

MANAGEMENT OF EXCEPTIONS (INTERNAL ONLY)

91. The processes described above contain the standard grant-making approach. Exceptions to the standard grant-making approach may be requested on a case-by-case basis prior to the due date of the grant-making step or requirement that is the subject of the exception.
92. Any exceptions must be well documented and strongly justified and require the authorization of the relevant approval authority as defined below. Exceptions to operational policies outside of those addressed in this OPN are required to be reviewed and approved by the Executive Grant Management Committee (EGMC).
93. Processing exceptions may cause delays in completing the grant-making process. Therefore, CTs are recommended to plan accordingly.

Defined exceptions:

	Section	Exception	Approver
1	Differentiated - grant-making requirements	<p>Specific grant-making requirements are not completed per defined timelines:</p> <ul style="list-style-type: none"> - List of Program Assets and Receivables to be transferred to the next Implementation Period is not completed during grant-making⁷³ - M&E plan for new PRs not completed prior to grant signing⁷⁴ - Audit arrangement (i.e., scope and approach of audit) not agreed prior to grant signing 	<ul style="list-style-type: none"> - Department Head (High Impact) or Regional Manager and Regional Finance Manager - Department Head (High Impact) or Regional Manager - Regional Finance Manager
2	Address TRP Clarifications	TRP clarifications to be addressed during grant-making that has been delegated to the Secretariat are not met (i.e., in progress, delayed, not started)	<p>GAC</p> <p>All cases are reported back to the TRP.</p>
3	Sign Grant	Global Fund signature of the Grant Confirmation when there are considerable delays in the CCM acknowledgement and in order not to delay the first annual funding decision and implementation.	Deputy General Legal Counsel, Legal Grant Management
4	Sign Grant	<p>Time-limited bridge financing for grants recommended by the GAC but with delayed Board approval and grant signing⁷⁵</p> <p>Authorizes the use of any in-country cash balance or signed but undisbursed funds⁷⁶ at the end of the current IP to implement, by a continuing PR, the GAC-recommended grant.</p>	<p><u>Up to 90 days:</u></p> <ul style="list-style-type: none"> - GMD, Head following consultation with Finance Specialist/PST Specialist and Legal Counsel <p><u>More than 90 days:</u></p> <ul style="list-style-type: none"> - GMD, Head following consultation with Regional

⁷³ As a requirement for the approval of this exception, the PR will indicate in writing that (i) all program assets from the current Implementation Period will be transferred to the next Implementation Period, and (ii) the detailed list of program assets will be submitted and verified within 6 months from the current Implementation Period end date.

⁷⁴ As a requirement for approval of this exception (only applicable to new PRs), the Grant Confirmation must include a requirement that the M&E plan will be completed within six months of Implementation Period start date.

⁷⁵ CT to consult with Legal Counsel for details on this process.

⁷⁶ If a grant does not have any in-country cash remaining, but still has signed but undisbursed funds, Country Teams can still process a disbursement (taking into account relevant finance cut-offs for the year-end). Country Teams discuss cash needs with their Finance/PST specialist. This option does not apply to new PRs/continuing PRs without cash.

		Time-limited bridge financing for grants recommended by the GAC but with delayed Board approval and grant signing.	<p>Manager/Department Head, Regional Finance Manager/PST Manager, and Deputy General Counsel, Legal Grant Management</p> <p>In all instances, notification of signed letter to: Manager, Operational Efficiency, Regional Finance Manager/PST Manager, Deputy General Counsel, Legal Grant Management Team</p> <p>Country Team will attach the signed letter in the GOS Grant-making Module</p>
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CHANGE HISTORY:

No.	Issued/Changed By	Change Description	Date	Version No
1	Operational Efficiency	Due date of grant-making project plan and implementation readiness checklist revised and submission strongly recommended.	7 July 2020	1.1
2	Operational Efficiency	Requirement of the Implementation Readiness Checklist removed.	1 October 2020	1.2
3	Operational Efficiency	Timing of update of UQD register changed to occur prior to GAC. Updates to sections related to Advance Payment. Flexibility of finalization of M&E Plan added and related exception approval.	20 November	1.3
4	Operational Efficiency	Added Key Performance Indicators for grant-making. Updated timelines for the signature of the Grant Confirmation and the submission of grants to the GAC. Added flexibility to when CTs, GAC or partners may request a GAC review.	29 April 2021	1.4

Annex 1. DIFFERENTIATED GRANT-MAKING REQUIREMENTS

The table below defines the differentiated grant-making requirements for each portfolio category (focused, core and high impact) for country and multicountry portfolios. Additional flexibilities for multicountry portfolios financed under the Multicountry Catalytic Investments, challenging operating environment (COE) portfolios and grants with payment for results (PfR) elements are also captured in the footnotes for the CT to consider when providing guidance to PRs.

GRANT-MAKING DELIVERABLES	COUNTRY AND MULTI-COUNTRY PORTFOLIOS			ACCELERATED GRANT-MAKING COHORT
	High Impact	Core	Focused	
Due Date for Finalization: Receipt of TRP Recommendations				
Grant-making Project Plan ⁷⁷	Yes	Yes	Yes	Yes
Capacity Assessment (in Integrated Risk Management module) (if applicable)	Yes	Yes	Yes	As required (Cohort only covers grants with continuing PRs and will generally not require capacity assessment except if Global Fund decides otherwise)
Due Date for Finalization: Prior to Submission of the Grant to GAC				
Performance Framework ⁵ for each grant	Yes ³	Yes ³	Yes ^{1,3}	Yes ^{1,3} (Submitted with funding request)
Summary and Detailed Budget for each grant	Yes ^{3,4}	Yes ^{3,4}	Yes ^{1,3,4}	Yes ^{1,3,4} (Submitted with funding request)
Health Product Management Template (formerly List of Health Products)	Yes	Yes	No	As required (Submitted with funding request)
List of Program Assets and Receivables to be transferred from the current to the next Implementation Period	Yes	Yes	Yes	Yes
Updated/New Implementation Arrangements Map	Yes	Yes	Yes	Yes (Submitted with funding request; updates during grant implementation)
Updated Programmatic Gap Table	Yes	Yes ²	Yes ²	No
Updated Funding Landscape Table	Yes	Yes ²	Yes ²	Yes
Grant Entity Data	Yes	Yes	Yes	Yes (At funding request stage)
Grant Confirmation	Yes	Yes	Yes	Yes
Update Risk Tracker (in Integrated Risk Management module)	Yes	Yes	Yes	Yes
Grant-making Final Review Form ⁶	Yes	Yes	Yes	Yes
Grant Signing Calculator ⁶	Yes	Yes	Yes	Yes
Purchase Order Created ⁶	Yes	Yes	Yes	Yes

⁷⁷ Strongly recommended.

GRANT-MAKING DELIVERABLES	COUNTRY AND MULTI-COUNTRY PORTFOLIOS			ACCELERATED GRANT-MAKING COHORT
	High Impact	Core	Focused	
Due Date for Finalization: Grant Confirmation Signing				
Monitoring and Evaluation Plan (if applicable) ⁷⁸	Yes ²	Yes ²	Yes ²	Yes (updates during grant implementation)
Agreed Audit Arrangements	Yes	Yes	Yes	Yes
Due Date for Finalization: Implementation Period Start Date				
Approved Staff ToRs and Contracting of Staff (except where applicable laws or regulations do not allow)	Yes	Yes	Yes	Yes
Approved ToRs and Contracting of SRs (except where applicable laws or regulations do not allow)	Yes	Yes	Yes	Yes
Approved ToRs and Contracts of Suppliers for health products and/or critical services (except where applicable laws or regulations do not allow); and/or Approved PPM purchase requisition for health products (if using PPM)	Yes	Yes	Yes	Yes
Agreed Implementation Workplan for Year 1	Yes	Yes	Yes	Yes

Notes:

¹ For **focused portfolios**: (i) the Performance Frameworks is recommended to have limited number of indicators (e.g., 1-5 impact/outcome and 3-5 coverage indicators, approximately 6-8 in total) covering only the key program area/modules supported by the grant. (see *Guidelines on Developing and Reviewing Performance Frameworks - forthcoming*), and (ii) the Summary and Detailed Budget will use broad categories by intervention and cost-groupings unless instructed otherwise by the Country Team (see [Guidelines on Grant Budgeting](#))

² For **multicountry grants financed under the Catalytic Investments - Multicountry modality**, the Updated Programmatic Table, the Updated Funding Landscape Table and M&E plan are not required.

³ The **PfR modality** includes Results-based Financing (RBF) grants, Activity-based Contracts, Incentive Payments (see [Guidelines on Grant Budgeting](#)). (i) For RBF grants, the Performance Framework is recommended to have limited indicators (e.g., 1-5 indicators and/or workplan tracking measures); (ii) For all grants with a PfR element, the Summary and Detailed Budget must be in accordance with the Guidelines on Grant Budgeting (if applicable); (iii) For all grants with a PfR element, the payment scheme for the PfR element is developed as part of the program design and is expected to be submitted with the Summary and Detailed Budget; (iv) For RBF grants, the HPM Template is not required. For guidance on how to integrate PfR into the grant lifecycle, please refer to *Best Practice Guidance on Payment for Results (forthcoming)*.

⁴ For **challenging operating environments**, the CT may request to have a Summary and Detailed Budget and HPM Template (if required) for 18 months with the budget for the remainder of the Implementation Period being displayed as a lump sum to be detailed further by month 15 of implementation. The Summary and Detailed Budget can be adjusted through an Implementation Letter (IL). Please refer to the *OPN on Challenging Operating Environment* on the process for requesting this flexibility.

⁵ Quality assurance of the Performance Frameworks: all Performance Frameworks must undergo an in-depth review at Grant-making using Performance Framework Quality Assurance approach and checklist.

⁶ These are internal Global Fund Secretariat documents.

⁷⁸ 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 implementation period. For new PRs, if the M&E plan is not finalized by grant signing, an approval exception must be requested.

Annex 2. 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 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, as 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 revision⁷⁹ of existing grants (in-country cash balances will be taken into consideration when assessing the availability of funding).
3. A PR may request advance payment after TRP recommendation to proceed to grant-making has been received, and 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:

Category	Eligible PRs	Eligible Activities	Maximum Amount	Approval Authority
1. PR Capacity Building and Start-Up Activities; to expedite grant-making to	Local PRs (governmental and non-governmental entities) which are first time	Project management set-up, e.g. remuneration of essential core staff	US\$ 500,000	Up to US\$ 200,000, approval by: Regional Manager/Department Head, and Regional

⁷⁹ 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 staff resources to support grant-making for continuing PRs, if applicable (see Section on Confirm Resourcing).

facilitate program start with minimal delay	implementers of a Global Fund grant for a particular disease component in a specific portfolio	PR training and technical support to address weaknesses and/or capacity gaps as identified during the capacity assessment Capacity Assessment of SRs		Finance Manager/PST Manager Between US \$200,000 and US \$500,000, approval by: Head of Grant Management Division and Chief Financial Officer
2. Early Procurement of Health Products: to initiate procurement of health products (e.g., time sensitive products such as bed nets) to ensure timely delivery and avert stock-outs	- PRs that cannot register to Pooled Procurement Mechanism ⁸⁰ 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 Health Product Management Template	Equivalent to planned procurement order amount for the first year based on approved Health Product Management Template	Up to US\$ 200,000, approval by: Regional Manager/Department Head, and Regional Finance Manager/PST Manager Between US \$200,000 and US \$1,000,000, approval by: Head of Grant Management Division and Chief Financial Officer Over US \$1,000,000 approval by: Head of Grant Management Division and Chief Financial Officer, with notifications to GAC.

5. Following approval of the request for advance payment, the Global Fund will issue an agreement to the PR in accordance with the Global Fund Delegations of Signature Authority.
6. The PR is required to include the approved grant-making activities in the final grant budget. If advance payment utilizes the PR's own resources, the funds will be reimbursed from Grant Funds following grant signing. The relevant expenditures will be reimbursed to the PR as part of the first annual funding decision, 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 to be covered is not an eligible activity) 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 annual funding decision, 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;

⁸⁰ PRs that will undertake advance procurement through the Pooled Procurement Mechanism (PPM) must follow the approval process defined in the *OPN on Pooled Procurement Mechanism*.

- ii. Activities to be financed by the PR are limited and necessary to ensure continuity of a TRP-recommended program, 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, Regional 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.

**MAKE, APPROVE AND SIGN GRANTS
(2020-2022 Allocation Period)**

Approved on: 29 April 2021
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions
Associated OPN: OPN on Make, Approve and Sign Grants

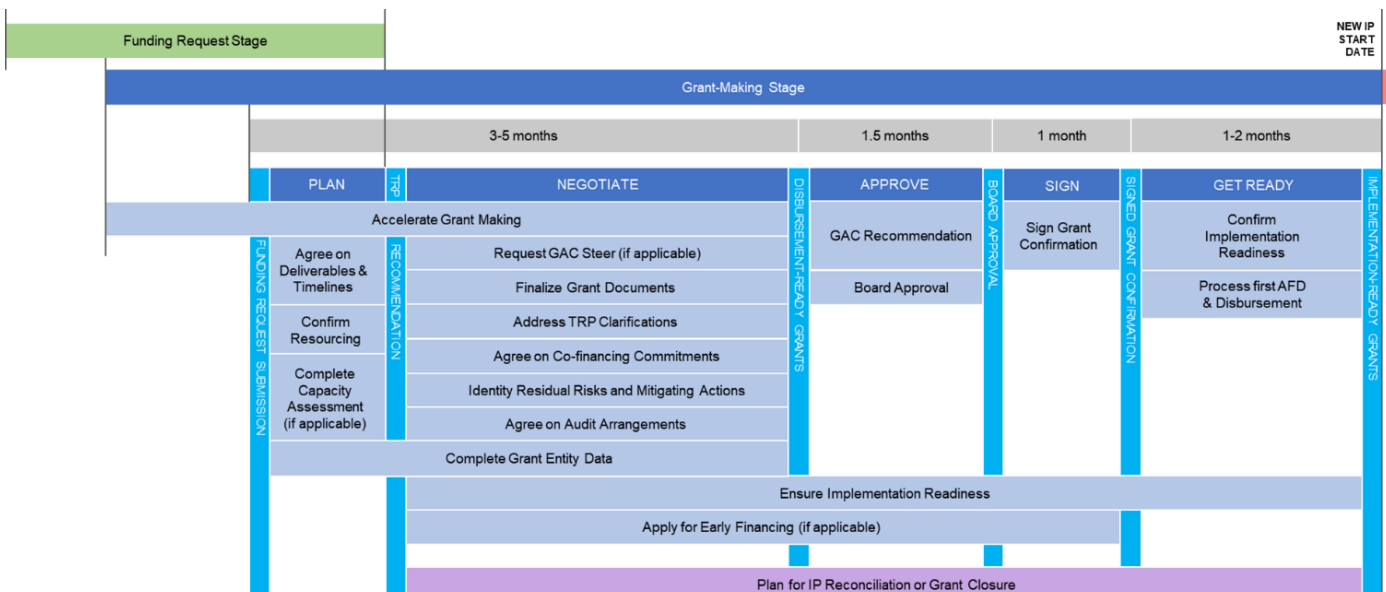
Key Performance Indicators for Grant-Making

PRs and Country Teams are expected to meet the following grant-making key performance indicators:

- Grants are submitted to GAC within six months from the relative Funding Request submission to the TRP; and
- The Grant Confirmation is signed at least one month before the (new) IP start date.

PURPOSE

1. These Operational Procedures provide guidance on process steps during grant-making and applies to grants financed during the 2020-2022 allocation period and onwards.
2. Whereas the Operational Policy Note (OPN) 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.
3. The grant-making steps are outlined in the following graph with associated timelines:



PLAN

Planning for grant-making is required to take place concurrently to the planning for the funding request, as soon as a country receives the allocation letter from the Global Fund.

During this phase, the Global Fund Secretariat, including the Country Team (CT), the Country Coordinating Mechanism⁸¹ (CCM), the Principal Recipient (PR), and the Local Fund Agent (LFA) collaborate in the following areas:

Step	Responsible Parties
1. Accelerate Grant-Making	Secretariat, CCM, PR, LFA (if applicable)
2. Agree on Deliverables & Timelines	CT, PR, LFA, CCM
3. Confirm Resourcing	CT, PR, LFA (if applicable)
4. Complete Capacity Assessment	CT, LFA
5. Complete Grant Entity Data	CCM, PR, LFA, CT

1. Accelerate Grant-making		
Outputs	Timeline	Review and Approval
<p>“Accelerated grant-making cohort” defined</p> <ul style="list-style-type: none"> - These are portfolios/grants strongly recommended to accelerate grant-making 	<p>After allocation amounts are determined and prior to allocation letters being sent to CCMs.</p>	<p>Prepared by: Operational Efficiency Team based on defined criteria in the OPN (paragraph 8) with inputs from:</p> <ul style="list-style-type: none"> - Program Finance on grants financial performance; - CTs on continuing PRs; - Technical Advisors: on non-material programmatic changes together with the CTs); - Access to Funding on program continuation application approach <p>Reviewed by: Fund Portfolio Manager (FPM) reviews viability of inclusion of a grant in the accelerated grant-making cohort</p> <p>Approval by: Manager, Operational Efficiency based on above</p> <p>If inclusion confirmed, FPM informs CCM and PR about accelerated grant-making approach to include grant-level details during funding request stage.</p>

⁸¹ Throughout this document, references to CCM include any Regional Coordinating Mechanism (RCM), Regional Organization or other applicant, applicable.

<p>Define and plan activities to accelerate grant-making</p> <ul style="list-style-type: none"> - For portfolios not included in the “accelerated grant-making cohort” but may opt to accelerate grant-making 	<p>During planning for funding request</p>	<p>Agreed by: FPM, CCM and PR</p>
<p>Grant-level details captured in the following documents:</p> <ul style="list-style-type: none"> - Performance Framework, - Detailed and Summary Budget - Health Product Management Template (HPMT) - Implementation Arrangements Map 	<p>Submitted with the funding request.</p>	<p>Prepared by: PR and CCM</p> <p>Review and Approval by: <i>see Finalize Grant Documents section of this Operational Procedures</i></p>

2. Agree on Deliverables and Timelines		
Outputs	Timeline	Review and Approval
Grant-making project plan agreed⁸² capturing: <ul style="list-style-type: none"> - key milestones (Grant Approval Committee (GAC)/GAC steer, GAC recommendation, Board approval, grant signing). - timelines for all grant-making deliverables. - timeline and activities required to ensure implementation readiness. - inputs required from in-country stakeholders, other Global Fund Secretariat teams and LFA. 	At funding request stage; completed no later than the date of receipt of the TRP recommendations	Prepared and agreed jointly by: <ul style="list-style-type: none"> - CT, PR, LFA, and CCM
Implementation readiness checklist reviewed to assess and address any potential implementation readiness risks ⁸³	At funding request stage; recommended to be reviewed no later than the date of receipt of the TRP recommendations	Reviewed by: Country Team Inputs by: <ul style="list-style-type: none"> - PR; - LFA, if required;

3. Confirm Resourcing		
Outputs	Timeline	Review and Approval
PR staff required for grant-making defined	At funding request stage; during planning for grant-making	Prepared by: PR Review by: FPM with inputs from other CT members
Approved request for financing of additional PR staff through grant revision (if applicable)	At funding request stage; during planning for grant-making	see <i>OPN on Grant Revision</i>

⁸² Strongly recommended.

⁸³ It is strongly recommended that the CT uses the checklist to identify key roadblocks to implementation readiness, which can then be factored into the grant-making plan.

4. Complete Capacity Assessment (If Applicable)		
Outputs	Timeline	Review and Approval
<p>Decision to undertake capacity assessment of nominated PR</p> <p><u>Resources:</u> <i>OPN on Risk Management across the Grant Lifecycle</i></p>	<p>Initiated when CCM informs the Global Fund of the nominated PR</p>	<p>Review by: Regional Manager/Department Head, Regional Finance Manager, and Risk Specialist⁸⁴ provide input.</p> <p>If capacity assessment is not undertaken, FPM captures rationale for decision in the Capacity Assessment of the Integrated Risk Management Module and submits it to GAC as part of the grant documents package.</p>

⁸⁴ For Core and High Impact portfolios

4. Complete Capacity Assessment (If Applicable)		
Outputs	Timeline	Review and Approval
<p>Completed capacity assessment of new PR or existing PR implementing new activities (if applicable)</p> <p><u>Resources:</u> <i>OPN on Risk Management across the Grant Lifecycle</i></p> <p>*For multicountry grants, the capacity assessment will assess, among others, (i) the legal capacity of the PR (and subsequently, any Sub-recipient) to operate in all jurisdictions covered by the grant, and (ii) the PR's and any SR's ability to effectively manage a grant across multiple jurisdictions.</p>	<p>Initiated prior or latest at funding request submission; completed prior to the receipt of TRP recommendations</p>	<p>Prepared by: LFA conducts a tailored assessment defined by the CT.</p> <p>Review by:</p> <ul style="list-style-type: none"> - Finance Specialist reviews the LFA findings and recommendations on financial management and recommends to the FPM on PR 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 HPM management and recommends to the FPM on PR capacity in this area. - Public Health Monitoring and Evaluation (PHME) Specialist reviews the LFA findings and recommendations on M&E and recommends to the FPM on the nominated PR capacity in this area. - FPM reviews the LFA findings and recommendations on governance, reviews the recommendations of CT Specialists in the other functional areas, and makes a final recommendation to the Regional Manager/Department Head⁸⁵ whether to accept or reject the nominated PR. <p>Approval by: Regional Manager/Department Head⁸⁶ decides to accept or reject nominated PR based on the above.</p> <p>FPM captures the decision in the Integrated Risk Management Module and attach evidence of the above approval (e.g., email approval).</p>

⁸⁵ In this document, Department Head refers to the Department Head for relevant High Impact Department.

5. Complete Grant Entity Data		
Outputs	Timeline	Review and Approval
Grant Entity Data completed and approved <u>Resources:</u> <i>OPN on Make, Approve and Sign Grants</i> <i>Master Data Guidance Notes</i>	Initiated at funding request stage and completed prior to submission for GAC recommendation. To accelerate grant-making, completed at funding request stage.	See <i>Master Data Guidance Notes</i> until this is replaced by the OPN and Operational Procedures on Grant Entity Data (expected mid-2020).

NEGOTIATE

The negotiate phase starts when the funding request has been recommended by the Technical Review Panel (TRP) to proceed to grant-making.

The following steps are undertaken during this phase:

Steps	Responsible parties
1. Request for GAC Steer or Decision (if applicable)	Secretariat
2. Finalize Grant Documents	Secretariat PR, LFA
3. Address TRP Clarifications	CCM, PR, Secretariat, TRP
4. Agree on Co-financing Commitments	Secretariat, Government
5. Identify Residual Risks and Mitigating Actions	Secretariat, PR, LFA (if applicable)
6. Update Unfunded Quality Demand (UQD) Register	Secretariat
7. Agree on Audit Arrangements	Secretariat, PR
8. Ensure Implementation readiness	PR, Secretariat, LFA (if applicable)
9. Apply for Advance Payment (if applicable)	PR, Secretariat

1. Request for GAC Steer or Decision (If Applicable)		
Outputs	Timeline	Review and Approval
GAC steer or decision (if applicable)	After receipt of TRP recommendation	Initiated by: CT or GAC Secretariat Guidance by: GAC

2. Finalize Grant Documents		
Outputs	Timeline	Review and Approval
Performance Framework for each grant <u>Resources:</u>	Initiated at funding request stage; finalization pre-requisite for grant submission to GAC.	Review by: <ul style="list-style-type: none"> - LFA, if required - PHME Specialist verifies that the Performance Framework:

2. Finalize Grant Documents		
Outputs	Timeline	Review and Approval
<p>Modular Framework Handbook</p> <p><i>Guidance on Performance Framework Template</i></p> <p><i>Guidance on Development and Review of Performance Framework (forthcoming)</i></p>	<p>To accelerate grant-making, completed with grant-making level details at funding request stage.</p>	<p>i. has appropriate indicators with required disaggregation categories⁸⁷;</p> <p>ii. is aligned with the TRP-recommended funding request; and</p> <p>iii. the negotiated targets are aligned to the funding available for the National Strategic Plan⁸⁸.</p> <p>Quality Assurance⁸⁹ by: Monitoring & Evaluation and Country Analysis (MECA) Team</p> <p>Approval by: FPM reviews overall completeness and quality and approves based on the above.</p>
<p>Detailed and Summary Budget for each grant⁹⁰</p> <p>-</p> <p>Resources:</p> <p>Instructions for Completing the Detailed Budget Template</p> <p>Guidelines on Grant Budgeting</p>	<p>Initiated at funding request; finalization prerequisite for grant submission to GAC.</p> <p>To accelerate grant-making, completed with grant-making level details at funding request stage.</p>	<p>Review by:</p> <ul style="list-style-type: none"> - LFA, if required - Finance Specialist verifies that the Detailed and Summary Budget are: <ul style="list-style-type: none"> i. aligned with the Performance Framework, HPM Template. Verification against the Performance Framework and the HPM Template is based on a high-level analysis of the Summary Budget, and on a reconciliation of the total amount in the HPM Template; ii. aligned with the Guidelines on Grant Budgeting and can be executed by the PR. - For focused portfolios, PST Specialist reviews based on the LFA review and on the list of budget triggers completed by the PR/LFA. <p>Approval by: FPM reviews overall completeness, quality and alignment with negotiated grant with PR, and approves based on the above.</p>
<p>Health Product Management Template</p>	<p>Initiated at funding request; finalization</p>	<p>Review by:</p> <ul style="list-style-type: none"> - LFA, if required

⁸⁷ The core set of indicators and required disaggregation categories are provided in the modular framework handbook available at: <https://www.theglobalfund.org/en/monitoring-evaluation/framework/#modular-framework-handbook>

⁸⁸ In cases where NSP is outdated any other target that is agreed among the in-country stakeholders could be used.

⁸⁹ Quality assurance of the Performance Frameworks: all Performance Frameworks must undergo an in-depth review at grant-making using *Performance Framework Quality assurance approach and checklist*

⁹⁰ As part of the TRP review of funding request, the TRP also review the Prioritized Above Allocation Request and recommended interventions to be registered as unfunded quality demand (UQD). During grant-making, as part of the development of the Detailed Budget, the PR will define detailed activities to implement the UQD interventions. These activities will be used as basis for re-investing identified efficiencies during grant-making, grant implementation or for portfolio optimization exercises.

2. Finalize Grant Documents		
Outputs	Timeline	Review and Approval
<p>Resources: Instructions on the HPMT</p>	<p>pre-requisite for grant submission to GAC.</p> <p>To accelerate grant-making, completed with grant-making level details at funding request stage.</p>	<ul style="list-style-type: none"> - HPM Specialist verifies that: <ol style="list-style-type: none"> i. the HPM arrangements are appropriate to the context and the PR capacity; and ii. the HPMT and the associated budget are aligned with the Performance Framework and the Budget. <p>Approval by: FPM reviews overall completeness, quality and alignment with negotiated grant with PR, and approves based on the above.</p>
<p>List of Program Assets and Receivables to be transferred from the current to the next Implementation Period</p>	<p>Submitted at the same time as Detailed and Summary Budget and HPMT.</p> <p>Review and verification to be completed within 6 months from end date of current Implementation Period</p>	<p>Review by:</p> <ul style="list-style-type: none"> - LFA, if required - Finance Specialist and HPM Specialist validates the List of Program Assets. - For focused portfolios, PST Specialist reviews if the LFA raises issues. <p>Approval by: FPM reviews overall completeness and quality and approves based on the above.</p>
<p>Updated or New Implementation Arrangement Map</p> <p>Resources: Instructions on Implementation Arrangement Mapping</p>	<p>Initiated at funding request; finalization pre-requisite for grant submission to GAC.</p> <p>To accelerate grant-making, completed at funding request stage.</p> <p>The Implementation Arrangements Map will be updated as Sub-recipients are selected.</p>	<p>Review by:</p> <ul style="list-style-type: none"> - LFA, if required. - Finance Specialist reviews clarity and accuracy of funds flow. - PHME Specialist reviews clarity and accuracy of data flow. - HPM Specialist reviews clarity and completeness of health commodity flow. <p>Approval by: FPM reviews overall completeness, quality and alignment with negotiated grant with PR and approves based on the above.</p>
<p>Updated Programmatic Gap Table (if applicable)</p> <p>*not required for multicountry grants financed under Catalytic Investments – Multicountry Modality</p>	<p>Initiated at funding request; finalization pre-requisite for grant submission to GAC.</p> <p>To accelerate grant-making, completed</p>	<p>Review by:</p> <ul style="list-style-type: none"> - LFA, if required. - PHME Specialist verifies that the programmatic gap table is updated to capture targets covered by the grant. <p>Approval by: FPM reviews overall completeness, quality and alignment with</p>

2. Finalize Grant Documents		
Outputs	Timeline	Review and Approval
	at funding request stage.	negotiated grant with PR and approves based on the above.
<p>Updated Funding Landscape Table (if applicable)</p> <p>*not required for multicountry grants financed under Catalytic Investments – Multicountry Modality</p>	<p>Initiated at funding request; finalization pre-requisite for grant submission to GAC.</p> <p>To accelerate grant-making, completed at funding request stage.</p>	<p>Review by:</p> <ul style="list-style-type: none"> - LFA, if required. - Finance/PST Specialist verifies that the funding landscape table is updated to capture financing available through the grant. <p>Approval by: FPM reviews overall completeness, quality and alignment with negotiated grant with PR and approves based on the above.</p>
<p>Updated Monitoring and Evaluation Plan (if applicable)</p>	<p>Initiated during grant negotiation phase; finalization prior to grant signing⁹¹.</p>	<p>Review by:</p> <ul style="list-style-type: none"> - PHME Specialist checks that grant indicators and targets are captured in the M&E plan for monitoring and reporting purposes. - LFA, if required <p>Approval by: FPM reviews overall completeness and clarity and approves based on the above.</p>
<p>Grant Confirmation</p> <ul style="list-style-type: none"> - including Integrated Grant Description - Grant Confirmation to be submitted to GAC must contain Purchase Order number and recommended funding amount 	<p>Pre-requisite for grant submission to GAC.</p>	<p>Prepared by: Legal Counsel, based on inputs from other CT members (program description, grant requirements) and ensures that the Grant Confirmation is accurate, clear, legally enforceable, and consistent with Board and Secretariat policies.</p> <p>Review by:</p> <ul style="list-style-type: none"> - FPM, Finance/PST Specialist, PHME, HPM Specialist review accuracy of content pertinent to their areas of responsibilities. - PR confirms that the draft Grant Confirmation reflects agreement. <p>Approval by: FPM reviews overall completeness, quality and alignment with negotiated grant with PR, and approves based on the above and following finalization by Legal Counsel</p>
<p>Grant-making Final Review Form</p>	<p>Pre-requisite for grant submission to GAC.</p>	<p>Prepared by: FPM and/or Program Officer capture the outcome of grant-making in the review form.</p>

⁹¹ 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 implementation period. For new PRs, if the M&E plan is not finalized by grant signing, an approval exception must be requested.

2. Finalize Grant Documents		
Outputs	Timeline	Review and Approval
<u>Resources:</u> <i>Instructions on the Grant-making Final Review Form (forthcoming)</i>		Review by: <ul style="list-style-type: none"> - Finance/PST Specialist, PHME, HPM Specialist and Legal Counsel ensure that the review form accurately reflects the outcome of grant-making in their respective areas of responsibilities. - Risk Specialist (within 48 hours on a no-objection basis) reviews the 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 (i) all key risks related to grant objectives have been identified and appropriately prioritized, (ii) mitigation measures are adequate to manage the risk at an acceptable level, and (iii) appropriate assurance mechanisms are identified to the extent possible.. Approval by: FPM reviews inputs and finalizes based on the above
Grant Financial Calculator	After Detailed Budget is uploaded and approved Pre-requisite for grant submission to GAC	Prepared by: Finance/PST Specialist Approval by: Regional Finance Manager confirms completeness and accuracy of financial information
Purchase Order created	After Grant Financial Calculator is approved Pre-requisite for grant submission to GAC	Prepared by: Finance/PST Specialist

3. Address TRP Clarifications		
Outputs	Timeline	Review and Approval
<p>TRP Clarifications due at grant-making addressed</p> <p><u>Resources:</u> <i>Applicant Response Form</i> <i>TRP Clarifications Form</i></p>	<p>Initiated immediately after receiving TRP recommendation; Completion pre-requisite for grant submission to GAC</p>	<p>Prepared by: CCM completes and submits the Applicant Response Form.</p> <p>Review by: FPM with inputs from other CT members and technical advisors, LFA, if required.</p> <p>Approval by:</p> <ul style="list-style-type: none"> - FPM, who confirms clarifications delegated to the Secretariat have been completely and satisfactorily addressed - TRP, who approves clarifications requiring TRP clearance (through Access to Funding Department) <p>FPM reports on status of completion of all TRP clarifications to be addressed during grant-making in the Grant-Making Final Review Form. GAC decides on TRP clarifications not met.</p>

4. Agree on Co-financing Commitments		
Outputs	Timeline	Review and Approval
<p>Co-financing commitments</p> <p><u>Resources:</u> <i>OPN on Co-Financing</i></p>	<p>Initiated during the funding request stage; Finalization pre-requisite for grant submission to GAC</p>	<p>See <i>Decision Making Process for Co-Financing Annex of the OPN on Co-financing</i></p>

5. Identify Residual Risks and Mitigating Actions		
Outputs	Timeline	Review and Approval
<p>Residual risks and mitigating actions defined and captured in the Integrated Risk Module, including rating of all risks</p> <p>Key residual risks and mitigating actions captured in Annex 4 of the Grant-making Final Review Form</p>	<p>Completion prerequisite for finalization of Grant-making Final Review Form and submission of grant to GAC.</p>	<p>Prepared by:</p> <ul style="list-style-type: none"> - FPM and/or Program Officer - LFA, if required <p>Review by:</p> <ul style="list-style-type: none"> - Finance Specialist validates that finance-related residual risks and mitigating actions have been identified and prioritized. - PST Specialist validates only major finance-related residual risks and mitigation actions. - PHME Specialist validates that M&E-related residual risks and mitigating actions have been identified and prioritized. - HPM Specialist validates that HPM-related residual risks and mitigating actions have been identified and prioritized. - FPM validates that governance-related residual risks and mitigating actions have been identified and prioritized. <p>Approval by: FPM validates overall prioritization of residual risks and mitigating actions based on the above.</p>

6. Update Unfunded Quality Demand (UQD) Register		
Outputs	Timeline	Review and Approval
<p>Capture funded UQD in Register</p> <ul style="list-style-type: none"> - in the UQD/PAAR module in GOS <p><u>Resources:</u> <i>PAAR and UQD User Guidance</i></p>	<p>Finalization prerequisite for grant submission to GAC</p>	<p>Prepared by: PO or FPA (Focused)</p> <p>Review by: FPM</p>

7. Agree on Audit Arrangements		
Outputs	Timeline	Review and Approval
Scope and approach of Audit for the Grant Defined and Agreed Resources: Guidelines for Annual Audit of Global Fund Grants	Initiated during grant negotiation phase; Completion prior to grant signing	Prepared by: PR Review by: Finance Specialist/PST Specialist Approval by: Regional Finance Manager, based on the above

8. Ensure Implementation readiness		
Outputs	Timelines	Review and Approval
Early identification and contracting of PR Human Resources		
Approved Terms of Reference (ToRs) for PR staff	As early as possible after TRP recommendation; Completion prior to Implementation Period start date	Approval by: PR Completion reported by PR and validated by CT
Selected and contracted PR staff	Selection as early as possible after TRP recommendation; Contracting only after Global Fund Board approval of the grant; Completion prior to Implementation Period start date	Approval by: PR Review by: LFA, if required Completion reported by PR and validated by CT
Early identification and contracting of Sub-recipients		
Approved ToRs of Sub-recipients (SRs), and Request for Proposals if required	As early as possible after TRP recommendation; Completion prior to Implementation Period start date	Approval by: PR Completion reported by PR and validated by CT
Selected and contracted SRs	Selection as early as possible after TRP recommendation; Contracting only after Global Fund Board approval of the grant; Completion prior to Implementation Period start date	Approval by: PR Review 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.

Early identification and contracting of Suppliers of health products and critical services for year 1		
Approved early procurement of health products for year 1	As early as possible after TRP recommendation	For PPM procurement: see <i>OPN on Pooled Procurement Mechanism</i> For non-PPM procurement: see <i>Section on Advance Payment Mechanism</i>
Approved Request for Proposal(s) for procurement, if required - for PRs using their own procurement processes	As early as possible after TRP recommendation; Completion prior to Implementation Period start date	Approval by: PR Review by; LFA, if required Completion reported by PR and validated by CT
Selected and contracted Suppliers - for PRs using their own procurement processes	Selection as early as possible after TRP recommendation; Contracting only after Global Fund Board approval of the grant; Completion prior to Implementation Period start date	Approval by: PR Review by; LFA, if required Completion reported by PR and validated by CT
Approved PPM purchase requisition - for PRs using PPM for procurement of core health products	As early as possible after TRP recommendation; Completion prior to Implementation Period start date	See <i>OPN on Pooled Procurement Mechanism and Operational Procedures on Pooled Procurement Mechanism</i>
Agreed Implementation Work Plan for Year 1		
Agreed implementation work plan⁹² for year 1 of the Implementation Period	As early as possible after TRP recommendation; Completion prior to Implementation Period start date	Prepared by: PR Review by: - CT members - LFA, if required Approval by: FPM, based on above

⁹² The Global Fund does not prescribe a standard template for the implementation workplan.

9. Apply for Advance Payment (if applicable)		
Outputs	Timeline	Review and Approval
<p>Application for PR capacity building and start-up activities, maximum of US\$500,000</p> <p><u>Resources:</u> <i>OPN on Make, Approve and Sign Grants Advance Payment Templates</i></p>	<p>Application permitted after TRP recommendation</p>	<p>Review by:</p> <ul style="list-style-type: none"> - LFA if required - FPM with other CT members ensures that advance payment requests are justified and consistent with Global Fund requirements. <p>Approval by: Global Fund approval authority as defined in the <i>OPN on Make, Approve and Sign Grants</i>.</p> <p>Advanced Payment/Procurement Agreement issued to PR per the Global Fund <i>Delegations of Signature Authority</i>.</p>
<p>Application for early procurement of health products, equivalent to planned procurement for year 1</p> <p><u>Resources:</u> (see above)</p>	<p>Application permitted after TRP recommendation</p>	<p>PR are required to capture approved activities and amount for advance payment in the Summary and Detailed Budget and HPM Template (if applicable) and <i>Grant-Making Final Review Form</i>. See Finalize Grant Documents section for Review and Approval of these documents.</p>
<p>Request for PR financing of certain activities subject to reimbursement</p> <p><u>Resources:</u> (see above)</p>	<p>Request permitted after TRP recommendation</p>	<p>Review by:</p> <ul style="list-style-type: none"> - LFA if required - FPM with other CT members ensures that requests are justified and consistent with Global Fund requirements. <p>Approval by: Global Fund approval authority as defined in the <i>OPN on Make, Approve and Sign Grants</i>.</p> <p>PR Financing Agreement issued to PR per the Global Fund <i>Delegations of Signature Authority</i>.</p> <p>PRs are required to capture approved activities and amount(s) for reimbursement in the Summary and Detailed Budget and HPM Template (if applicable) and <i>Grant-Making Final Review Form</i>. See Finalize Grant Documents section for Review and Approval of these documents.</p>

APPROVE

This phase of grant-making starts when the grant is submitted as disbursement-ready for GAC recommendation. Two steps take place during this phase:

Action	Responsible Parties
1. GAC recommendation	Secretariat
2. Global Fund Board approval	Secretariat, Global Fund Board

1. GAC Recommendation		
Outputs	Timeline	Review and Approval
Submission of disbursement-ready grant for GAC review⁹³	Immediately after all requirements for disbursement readiness are completed and within the due date for submission for the scheduled GAC meeting, and within 6 months of the Funding Request submission to the TRP	Submitted by: FPM who a(i)submits on behalf of the CT, the disbursement-ready grants, and (ii) that all CT members, Risk Specialist ⁹⁴ and other relevant teams have reviewed and endorsed grant documents according to their responsibilities. Review and Approval by: <ul style="list-style-type: none"> - Regional Manager/Department Head reviews outcome of grant-making and confirms that the grant is disbursement-ready. - Regional Finance Manager 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 grant signature per the <i>OPN Annual Funding Decisions and Disbursements</i>)
GAC recommendation <u>Resource:</u> <i>GAC TORs</i>	Per scheduled GAC meeting	Initial review by: Pre-GAC (if applicable) conducts a rigorous review of all materials submitted to the GAC and pre-identifies, resolves or highlights options for GAC consideration. This working group conducts due diligence ahead of each meeting to ensure that investment decisions presented to the GAC are consistent and in line with the Global Fund policy framework. Review by: GAC makes the final determination of disbursement readiness and decides to recommend to the Global Fund Board or not.

2. Board Approval		
Outputs	Timeline	Review and Approval
Board approval of disbursement-ready grants via an electronic report	Within 3 – 4 weeks post GAC recommendation.	Prepared by: GAC Secretariat Approval by: Global Fund Board, on a no-objection basis.

⁹³ For the grant-making documents/information included in the GAC submission, refer to Annex 2.

⁹⁴ Risk Specialist only reviews core and high impact portfolios.

SIGN

Grant signature can take place immediately after the Global Fund Board has approved the grant.

The following steps take place during this phase:

<i>Steps</i>	<i>Responsible Parties</i>
1. Sign Grant Confirmation	Secretariat, PR, CCM

1. Sign Grant Confirmation		
Outputs	Timing	Review and Approval
Legal name of selected SRs captured in the Summary Budget	Following Global Fund Board approval	Reviewed by: Finance Specialist reviews completeness and accuracy Approval by: FPM, based on the above.
Final Grant Confirmation for signature	Following validation of final Global Fund Board approved amount.	Prepared by: Legal Counsel prepares Grant Confirmation Approval by: FPM, who sends the Grant Confirmation documents (including Performance Framework and Summary Budget) to the PR and CCM for signature/acknowledgement after Legal Counsel endorsement.

<p>Signed Grant Confirmation</p> <p>* For multicountry grants stemming from a Regional Coordinating Mechanism (RCM) application, one representative from the RCM acknowledges the Grant Confirmation after the PR signature and prior to the Global Fund signature. For those stemming from a Regional Organization (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.</p>	<p>As soon as possible after the final Grant Confirmation has been received from the Global Fund, and no later than 1 month before the IP start date⁹⁵.</p>	<p>Review and signed by: authorized PR representative</p> <p>Acknowledged by: CCM chair/vice-chair, and the CCM civil society representative</p> <p>Signed by the Global Fund: per the Global Fund Delegations of Signature Authority</p>
<p>Purchase Order approved</p>	<p>As soon as possible after the Grant is signed.</p>	<p>Approval by: - Chief Financial Officer</p>

GET READY

The get-ready phase will take place after grant signature. The following steps take place during this phase:

<i>Action</i>	<i>Responsible Parties</i>
1. Process First AFD and Disbursement	Secretariat

⁹⁵ Ideally, the Grant Confirmation is signed two months before the IP start date.

1. Process First Annual Funding Decision and Disbursement		
Outputs	Timing	Review and Approval
First Annual Funding Decision (AFD) and Disbursement <u>Resources:</u> <i>OPN Annual Funding Decisions and Disbursements</i>	As soon as possible after complete signature of Grant Confirmation	Prepared by: FPM and Finance Specialist Approval by: - No additional approval required if first AFD processed within 30 days of Grant Confirmation signature. - per <i>OPN Annual Funding Decisions and Disbursements</i>

CHANGE HISTORY:

No.	Issued/Changed By	Change Description	Date	Version No
1	Operational Efficiency	Due date of grant-making project plan and implementation readiness checklist revised and submission strongly recommended.	7 July 2020	1.1
2	Operational Efficiency	Requirement of the Implementation Readiness Checklist removed.	1 October 2020	1.2
3	Operational Efficiency	Updates to sections related to Advance Payment. Clarification for multicountry entities regarding grant confirmation signing. Added Annex 2: Grant-making documents/information included in the GAC submission	19 November	1.3
4	Operational Efficiency	Added Key Performance Indicators for grant-making. Updated timelines for the signature of the Grant Confirmation and the submission of grants to the GAC. Updated Annex 1: Monitoring and Reporting	29 April 2021	1.4

ANNEX 1:

MONITORING AND REPORTING

94. The grant-making processes will be monitored by the Grant Portfolio Solutions and Support Department.

95. The following data points will be monitored:

- Process completion status for each grant-making step as per the OPN.
- Grant-making timelines:
 - time between funding request submission and TRP recommendations;
 - time between funding request submission and grant submission to GAC;
 - time between Global Fund signature of Grant Confirmation and Implementation Period start date;
 - time between Global Fund signature of Grant Confirmation and first Annual Funding Decision;
 - time between Purchase Order approval and the Implementation Period start date.
- Number and type of TRP clarifications required to be addressed during grant-making.
- First time right submission to GAC.
- Purchase Order initiation prior to GAC submission.
- Implementation readiness status prior to Implementation Period start date⁹⁶.

⁹⁶ The current proxy for identifying potentially implementation-ready grants is measuring the time between Global Fund signature of Grant Confirmation and Implementation Period start date.

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 contexts⁹⁷, 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, within 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:
 - **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.*

⁹⁷ [GF/B35/DP09](#).

- **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 indices⁹⁸ 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.
12. Annex 2 provides the existing list of COEs for the allocation period 2017-2019⁹⁹.

⁹⁸ 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).

⁹⁹ 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 committee¹⁰⁰ 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:

¹⁰⁰ 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 Fund¹⁰¹.
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 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

¹⁰¹ 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.

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 platform¹⁰².
26. **Application Channel.** In accessing the allocation, COEs will be subject to any of the following application channels:

Program Continuation	Components with no material change needed ¹⁰³ 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).
Tailored Review	Components involving material changes, in line with the OPN on Grant Revisions
Full Review	Components in COEs categorized as High Impact

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, 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

¹⁰² This was the approach followed for the Middle East Regional Grant.

¹⁰³ In line with the OPN on Grant Revisions – *Link forthcoming*.

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 Fund 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)¹⁰⁴ and TERG conclusions¹⁰⁵ 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

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,

¹⁰⁴ SIIC paper on COEs from June 2015.

¹⁰⁵ TERG Position Paper on fragile states presented to the SIIC in June 2014.

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:

COE Support Team	<ul style="list-style-type: none"> - Support Country Teams in accessing proposed flexibilities - Map relevant partners - Compile and share best practices and innovative solutions in implementing program activities in COEs
TAP (MECA and Disease and HSS Advisors)	<ul style="list-style-type: none"> - Provide guidance on focus of Global Fund investments in COEs

	<ul style="list-style-type: none"> - Gather and share evidence-based best practices in COEs - Provide guidance in tailoring M&E and information strengthening - Provide guidance on external service providers for verification tasks and technical assistance
Supply Chain Department	<ul style="list-style-type: none"> - Provide guidance on tailoring procurement and supply chain management - Gather and share best practices on supply chain management - Provide guidance on external service providers for commodity storage and distribution
Program Finance	<ul style="list-style-type: none"> - Provide guidance in tailoring budgets and financial management - Gather and share best practices on financial management, including the use of national v/s parallel systems
Risk Management	<ul style="list-style-type: none"> - Provide inputs and oversee risk management for core and high impact portfolios - Provide input in grant design, management and assurance, as relevant
Policy Hub	<ul style="list-style-type: none"> - Update COE policy as needed - Facilitate reporting to the Strategy Committee and Board on COEs as part of the Strategy Implementation.
Operational Policy Hub	<ul style="list-style-type: none"> - Coordinate and provide guidance in the management of COEs portfolios - Assist Country Teams in interpreting and applying policies relevant to COEs - Develop and update operational policies and guidelines related to COEs - Consolidate and document best practices and lessons learned on COEs - Facilitate EGMC review and approval of COE tailored portfolio strategies, including requested flexibilities
Legal and Compliance Department	<ul style="list-style-type: none"> - Ensure compliance with Board policies - Assist Country Teams in structuring, drafting and negotiating relevant contractual arrangements to support COEs

Annex 1. Characteristics of Acute Emergency and Chronic Instability Settings

<p>Acute Emergency</p>	<ul style="list-style-type: none"> • 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
<p>Chronic instability</p>	<ul style="list-style-type: none"> • 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:

Focused	Core	High Impact
Iraq	Afghanistan	Congo (Democratic Republic)
Lebanon	Burundi	Nigeria
Mauritania	Central African Republic	Pakistan
Palestine	Chad	Sudan
Syrian Arab Republic	Eritrea	
	Guinea	
	Guinea-Bissau	
	Haiti	
	Liberia	
	Mali	
	Niger	
	Sierra Leone	
	Somalia	
	South Sudan	
	Ukraine	
	Yemen	

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 recovery¹⁰⁶, 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 agencies¹⁰⁷ 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.
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.

¹⁰⁶ This may include a clear audit trail on cost recovery mechanisms that are in place and subject to independent external audit review.

¹⁰⁷ 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.

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 Notes¹⁰⁸.
13. All funds generated and costs charged will form part of the organization's Annual Financial Statements¹⁰⁹ 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 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.

¹⁰⁸ 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

¹⁰⁹ 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.

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 funder¹¹⁰ 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 be 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 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)¹¹¹ 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 were 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.

¹¹⁰ The Global Fund annual budget represents 70% or more of the implementers (PR or SR) operations.

¹¹¹ Enhanced Financial Report for grants that are not part of the new funding model.

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:

No.	Issued/Changed By	Change Description	Date	Version No
1	Program Finance	N/A	18 April 2011	1.0
2	Financial Development Team	Key changes include the eligibility and methodology of charging ICR by local NGOs.	13 March 2015	1.1

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

Entity	Type of Cost	Maximum Percentage Rates	Indicative guidance on the application of rates in the budget
INGO Principal Recipient (PR)	Health Products ¹¹²	3%	<ul style="list-style-type: none"> • Where a procurement agent is used, the maximum rate that can be applied is 1%. • 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
	All other Direct costs incurred by the PR	7%	
	Funds managed by Sub Recipients	5%	<ul style="list-style-type: none"> • The PR may charge up to a maximum of 5% on SR direct costs. • 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) • 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)
INGO Sub Recipient	Health Products ¹	3%	<ul style="list-style-type: none"> • Where a procurement agent is contracted by the SR, the maximum rate that can be applied is 1%. • If the PR is managing the procurement, the SR is not entitled to charge any overheads on these amounts.
	All other Direct costs incurred by the SR	5%	
Additional Safeguard Countries	All Rates remain the same with the following exceptions <ul style="list-style-type: none"> • The PR may charge up to a maximum of 7% on SR direct costs. • 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 		

¹¹² 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.

	<p>maximum of 3% on the SR direct costs (the calculation should exclude the SR ICR).</p> <ul style="list-style-type: none"> • 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 5% on the SR direct costs (the calculation should exclude the SR ICR). • Where an INGO is an SR of a UN agency, they may charge up to 7% on their own direct costs. • If a fiscal agent is contracted, no ICR should be paid to the PR.
Direct Costs from Headquarters	<ul style="list-style-type: none"> • 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:	<ul style="list-style-type: none"> • 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

Entity	Type of Cost	Maximum Percentage Rates	Indicative guidance on the application of rates in the budget
NGO Principal Recipient (PR)	Health Products ¹¹³	2%	<ul style="list-style-type: none"> • Where a procurement agent or PPM is used, the maximum rate that can be applied is 1%. • 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
	All other Direct costs incurred by the PR	5%	
	Funds managed by Sub Recipients	3%	<ul style="list-style-type: none"> • The PR may charge up to a maximum of 3% on SR direct costs. • 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) • 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)
NGO Sub Recipient	Health Products ³	2%	<ul style="list-style-type: none"> • Where a procurement agent is contracted by the SR, the maximum rate that can be applied is 1%. • If the PR is managing the procurement, the SR is not entitled to charge any overheads on these amounts.
	All other Direct costs incurred by the SR	3%	
Additional Safeguard Countries	All Rates remain the same with the following exceptions <ul style="list-style-type: none"> • 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). 		

¹¹³ 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.

	<ul style="list-style-type: none"> • 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:	<ul style="list-style-type: none"> • 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

Seq. No	Actors	Process Description	Output	Relevant Links
Concept note				
1.	CCM	Submits the Concept Note (along with the budget) including the request for Headquarters support costs/ICR.		
2.	Country Team	Informs the CCM of the outcome of the TRP/GAC1 review and pursues the grant making.		
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 Meeting¹¹⁴.
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”);
 - External auditor reports; and
 - Assessments from partners or other sources assessing risk factors in a particular portfolio.

¹¹⁴ Report of the Governance and Partnership Committee GF/B7/7 - <https://www.theglobalfund.org/board-decisions/b07-dp14/>

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 Fund¹¹⁵.

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

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

¹¹⁵ 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.

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:

No.	Issued/Changed By	Change Description	Date	Version No
1.	Office of the Director, Country Programs Cluster	N/A	February 2008	1.0
2.	Operational Support Team and Legal and Compliance Department	Updating the general process of invoking and revoking the ASP, including the list of criteria for invoking the policy as well as the list safeguard measures.	October 2014	1.1
3	Operational Efficiency Team	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.	May 2019	2.0

Conditions and Management Actions

Issued on: 10 November 2014
Purpose: To define Conditions and Management Actions and the process for setting and managing them.

OVERALL OBJECTIVES

1. Under the new funding model, following the review of a concept note by the TRP and the GAC, the proposed Principal Recipient(s) and the Country Team enter the grant-making phase. During grant-making, capacity gaps and risks associated with the program, if any, will be identified and final grant documents will be negotiated. The grant-making phase will result in “disbursement-ready grant(s)” for submission to the Board for approval, such that all critical issues that impact the first annual funding decision and disbursement release are addressed by the time of grant signature, through adequate risk mitigation measures. Where issues that impact overall grant implementation are not resolved by the time of signature of the Grant Agreement, risk mitigating measures that remain to be addressed are incorporated into the grant documentation as conditions or are dealt with through management actions. These are tailored to take into account the contextual and programmatic aspect of each grant (i.e., varying levels of capacity among Principal Recipients and implementation arrangements).

POLICY, PRINCIPLES, ROLES AND RESPONSIBILITIES

Definitions

2. References to the “Country Team” should be read in line with the Guidance on Country Team Approach.
3. A condition is a legal obligation to address a critical risk or issue related to program implementation. Conditions are captured in the Grant Confirmation of the Grant Agreement. There are two types of conditions:
 - (i) A condition precedent is a measure to address a critical risk or an issue which must be fulfilled before a specific event (e.g., use of funds for a specific activity, disbursement or annual funding decision, depending on severity of the issue) relevant to the grant can take place; and
 - (ii) A special condition is a measure to address a critical risk or an issue which must be fulfilled by a specified deadline during the term of the grant, and then, if relevant, remain fulfilled throughout the term of the grant.
4. Because grants are meant to be “disbursement-ready” (see *OPN on Make, Approve and Sign Grants*), as a matter of principle, critical issues that need to be addressed prior to a first annual funding decision or disbursement release should be resolved during grant-making. The Country Team must undertake specific actions during grant-making to ensure that the grant is ready for implementation.¹¹⁶ Country Teams should therefore endeavor to minimize the use of conditions precedent to the first annual funding decision or to the first disbursement release, applying them on an exceptional basis. Only those actions that have

¹¹⁶ For additional details for the requirements for grant-making, please refer to *OPN on Make, Approve and Sign Grants*.

not been acted upon by the Principal Recipient prior to grant signing or that require longer time to implement should be included in the Grant Confirmation as conditions.

5. Conditions included in a Grant Confirmation must be actionable by the Principal Recipient. For example, risk mitigating measures that the Principal Recipient has no legal authority to implement or otherwise is not in a position to act on (e.g., a civil society or INGO PR does not have control over a national process) should be phrased accordingly (e.g., by requiring the Principal Recipient to *facilitate* the relevant measure, including through creating contractual obligations between the PR and relevant implementers) or dealt with outside of the Grant Agreement (e.g., if the condition is more actionable by another stakeholder).
6. A management action is a measure to ensure timely program implementation but
 - (i) is not necessarily addressing a critical risk,
 - (ii) does not need to be countersigned by the Principal Recipient, and
 - (iii) is not legally binding but is a management tool used at the discretion of the Country Team to ensure sound program management practices by the Principal Recipient.

Setting Conditions and Management Actions

7. Conditions are captured in the Grant Confirmation while management actions (also see paragraph 11 below) are communicated to the Principal Recipient through a performance letter, or other formal written communication and are captured in the ADMF.
8. Country Teams should categorize risks to determine whether they are critical (and need to be addressed through a condition) or less critical (and to be addressed through a management action) in accordance with the Guidance on Country Team Approach, based on the assessment of risks in each specific context and grant risk profile generated through the QUART and/or other tool(s), if available.
9. Risks should be identified and dealt with as early as possible as part of the country dialogue process. While efforts should be made to address any remaining risks during grant-making, the Grant Confirmation presented to the GAC2 and the Board for approval may need to incorporate conditions addressing identified risks that remain to be mitigated during grant implementation.
10. Any condition incorporated in a Grant Confirmation must be discussed with the Principal Recipient¹¹⁷ prior to their inclusion in a Grant Agreement.
11. During grant implementation, the Country Team may set additional conditions and/or management actions to address risks and other issues that may arise, following the submission of any reports to the Global Fund, further to Country Team mission reports or based on findings from the Capacity Assessment (CAT action plan), OSDVs, audits, progress updates and/or disbursement requests, etc. Additional conditions are set through the process set out in Paragraph 19 below, while additional management actions are communicated to the Principal Recipient through a performance letter and documented in the ADMF.

Managing Conditions

12. Tracking Conditions. The Country Team is responsible for tracking the status of each condition on a regular basis. The Country Team inputs the conditions precedent, special conditions and management actions into the Grant Management System (GMS). Reports documenting all conditions can also be generated through Business Analysis and Reporting Tool (BART). All conditions that are unmet and are relevant to the commitment period in question should be listed in a given ADMF.

¹¹⁷ For certain Principal Recipients, there may exist certain standard practices previously agreed with the Global Fund at the institutional level (e.g., UNDP), which are relevant to how conditions and management actions should be negotiated in a given grant.

13. Determining Fulfillment of Conditions. The fulfillment of conditions is reviewed by the Country Team in connection with each disbursement release. If requested by the Country Team, LFAs review the status of fulfillment of conditions either in connection with the LFA review of the PUDR or as a separate service and make recommendations to the Country Team.
14. The Country Team is responsible for determining whether a condition has been fulfilled. In cases where consensus is not achieved within the Country Team, the issue should be resolved through a standard escalation procedure set forth in the Guidance on Country Team Approach.
15. The fulfillment of conditions is inputted in and documented through GMS. Conditions that are fulfilled should be removed from the grant documentation in the next Implementation Letter signed following such fulfillment (i.e., when and if an Implementation letter is signed in connection with other amendment to the Grant Confirmation).
16. Waiving Conditions. A condition precedent may be waived when a Country Team would like to process a milestone (e.g., an annual funding decision or a transfer of funds that is otherwise subject to the fulfillment of the condition) despite the condition not being met. A special condition may be waived when a Country Team considers that a disbursement should be released despite the condition not being met by the due date. Situations that may give rise to a waiver of a condition include the case where the risk addressed by the condition no longer exists, or the measure put forth by the condition has become irrelevant, but the activity for which the condition originally sought to limit an identified risk is still happening under the grant. In addition, a waiver is required in connection with a substantive amendment to a condition (see paragraph 20 below). A condition can only be waived if:
 - (i) The Country Team is in full agreement with the approach;
 - (ii) The rationale for the waiver and the position of the Country Team are duly inputted in GMS and reflected in the ADMF; and
 - (iii) The Head of Grant Management Division has approved the recommendation to waive the condition through an email or a memo. The Country Team, in its request seeking approval of the waiver of a condition, must provide alternative risk management measures if appropriate.
17. To the extent an activity for which a condition originally sought to limit an identified risk is no longer happening under the grant (e.g., as a result of a reprogramming or an extension, each done in compliance with Global Fund policies), the waiver procedure described above does not need to be followed. Only the Regional Manager's approval (or the Department Head for High-Impact countries) is required to treat the condition as non-applicable.
18. Postponing Conditions. The postponement of a condition refers to the deferral of its due-date. Only special conditions may be postponed. A postponement of a condition is appropriate when the risk that the condition was designed to mitigate will not materialize before the specified due-date (e.g., the condition addresses procurement risks, but no procurement takes place until its fulfillment) or sufficient progress has been made towards fulfilling the condition. A condition can only be postponed if:
 - (i) The Country Team is in full agreement with the approach; and
 - (ii) The rationale for the postponement and the Country Team's position are duly inputted in GMS and reflected in the ADMF together with the date to which the condition is postponed.
19. Adding Conditions: New conditions may be added by the Country Team to address critical risks that may arise during grant implementation. Additional conditions are set by

amendment to the Grant Confirmation through an Implementation Letter signed in accordance with the Signature Authority Procedure (SAP).

20. **Amending Conditions:** Minor editorial amendments (i.e. correcting typos or clarifying edits that do not change the substance of the condition) may be made to existing conditions by the Country Team during grant implementation. Such minor editorial amendments to conditions will be made by amendment to the Grant Confirmation through an Implementation Letter signed in accordance with the Signature Authority Procedure (SAP). Major amendments that change the substance of the condition require a waiver of the existing condition (in accordance with the waiver procedure set forth in Paragraph 16 above) and addition of a new condition (in accordance with the adding conditions procedure set forth in Paragraph 19 above) to reflect the amendments.
22. **Review of Conditions:** Conditions are systematically tracked and reviewed as part of ongoing management of a grant, including during the progress update and/or disbursement request review process. Conditions should also be reviewed at the time of signing a new grant (resulting from a new concept note) with an existing Principal Recipient. Outstanding conditions from the existing grant should be reviewed to determine which remain relevant to address existing risks and implementation arrangements. Conditions that are still relevant should be rolled over into the new Grant Confirmation to apply to the new Implementation Period.
23. In order to facilitate a proactive management of a grant during implementation or at the time of a reprogramming, an ad hoc comprehensive review of all conditions may be undertaken. Annex 1 of the OPN provides a process overview for undertaking such a comprehensive review exercise, when needed.

Funding Decisions and Disbursement Releases

24. The status of conditions and management actions is taken into account in annual funding decisions and in determining disbursement releases, in accordance with the *OPN on Annual Funding Decisions and Disbursements*.
25. If a condition precedent is tied to a funding decision and such condition remains unfulfilled at the time of the funding decision, part or all, as applicable, of the funding decision must be withheld.
26. If a condition precedent is tied to a transfer/use of funds and such condition remains unfulfilled at the time of the disbursement release, the Country Team may withhold the transfer or prohibit the Principal Recipient to use the relevant funds until the condition is fulfilled.
27. If a special condition is unfulfilled, no disbursement may be made unless the condition is waived or postponed.
28. In the ADMF and in the cash transfer form, the rationale for determining the fulfilment of any given condition should make reference to specific evidence used by the Country Team as well as the extent to which technical team inputs were considered as applicable. The Regional Teams/Country Teams must keep the supporting evidence on file.

Overseeing Management Actions

29. **Tracking Management Actions.** As a part of pro-active grant management, the Country Team is responsible for monitoring, overseeing and tracking management actions and determining whether they have been fulfilled or partially fulfilled, whether the deadline should be postponed, or whether the management action should be waived or removed.
30. **Determining Fulfillment of Management Actions.** Progress on the fulfilment of management actions is reported on and reviewed during the progress update and/or disbursement request review process. After each progress update and/or disbursement request review, the status of each relevant management action is shared with the PR through a performance letter and captured in the ADMF, where unmet and applicable for the period in question. Further, the

fulfillment of management actions is reviewed by the Country Team in connection with each disbursement release.

31. Management actions are dealt with at the Country Team level. In cases where consensus is not achieved within the Country Team, the issue should be resolved through a standard escalation procedure set forth in the Guidance on Country Team Approach.

Annex 1: Comprehensive review of Conditions in existing Grant Agreements: Process Overview for ad hoc reviews.

CHANGE HISTORY:

No.	Issued/Changed By	Change Description	Date	Version No
1	OPC	N/A	October 2010	1.0
2	OPC	Removing the requirement on notification on postponing conditions and allowing email approval for waiving conditions	July 2011	1.1
3	EGMC	Added process for comprehensive review, addition and amendments of conditions Added GF/B26/DP5 delegated authorities and reflection of organizational changes	September 2012	1.2
4	EGMC	Update to reflect the new NFM grant agreement structure as well as the “disbursement-readiness” of NFM grants submitted to Board for approval.		1.3

Annex 1

**COMPREHENSIVE REVIEW OF CONDITIONS IN EXISTING GRANT
AGREEMENTS: PROCESS OVERVIEW¹¹⁸**

Actor	Description
COUNTRY TEAM COMPREHENSIVE REVIEW OF CONDITIONS	
Country Team	<p>Based on assessment of risks and the context of the grant, the Country Team assesses if each condition needs to be:</p> <ol style="list-style-type: none"> Retained, if the measure put forth in the condition is still relevant based on the risk assessment. The CT may decide to: <ul style="list-style-type: none"> <u>Keep the original</u> condition without any changes; <u>Revise Measures</u> - the Country Team may determine (as necessary) adjustments in the current formulation (amendment) as well as agreed deadlines (postponement) and need for new conditions (adding) to reflect current realities and context. <u>Reclassify Measures</u> - the Country Team may agree to reclassify the conditions. Measures addressing critical risks should be retained as conditions (condition precedent or special condition). Measures which do not address critical risks may be reclassified as management actions. A decision to reclassify a condition into a management action is considered a waiver of a condition. Waived if the risk addressed by a condition no longer exists or the measure put forth by the condition is no longer relevant, but the activity for which the condition originally sought to limit an identified risk is still happening under the grant. Removed if the program activities have changed in accordance with Global Fund policies (e.g., extension, reprogramming, etc.) and the condition becomes irrelevant because of the removal of certain activities from the grant.
PR DISCUSSION AND AGREEMENT	
Principal Recipient	The proposed recommendations of the Country Team need to be discussed with a Principal Recipient, subject to the Panel's recommendation and final decision.
FINAL DECISION AND SIGN OFF	
Regional Manager/ Department Head (for High Impact countries), Functional Hub Managers (PSM, MEPH, Finance and Legal)	<p>A Panel consisting of a Regional Manager or Department Head (for High Impact countries) and Functional Hub Managers, including the Legal Grant Manager, reviews the Country Team's proposed recommendation on the comprehensive review of conditions and endorses or revises the proposed recommendation in a Panel recommendation to the relevant head as described below.</p> <p><u>Addition, Amendment, Postponement and Removal of Conditions:</u> If the Panel recommendation includes only addition, amendment, postponement and removal of conditions in the context of programmatic change (without waiver of conditions), the relevant Head, Grant Management Department signs off on the Panel</p>

¹¹⁸ This process should only be applicable when a one-time comprehensive review and streamlining of all conditions and management actions for a grant or group of grants is needed. For the routine management of conditions and management actions, the standard process in the OPN should be followed.

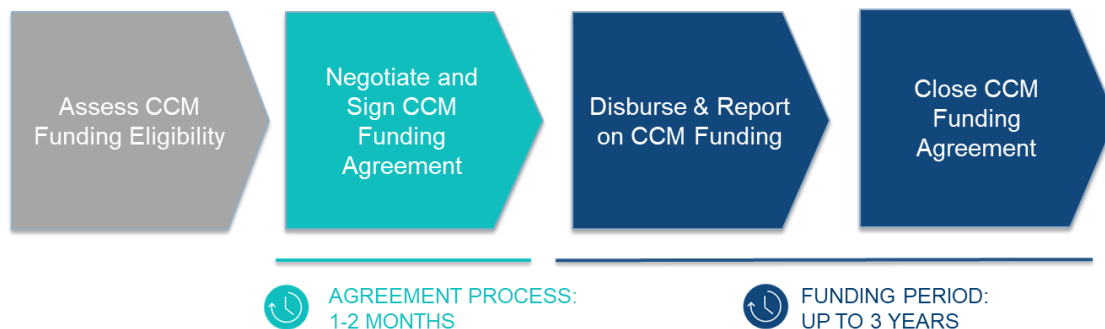
	<p>recommendations.</p> <p>Waiving Conditions: If the Panel recommendation includes a waiver of a condition or a reclassification of a condition into a management action, the Panel recommendation is submitted to the Head, Grant Management Division for sign off. Recommendations to waive conditions with a risk element must be accompanied with appropriate risk mitigating measures.</p> <p>The Head, Grant Management Division reviews the Panel recommendations and decides to sign off on a recommendation or to object to a recommendation. The Head, Grant Management Division may consult with the Operational Risk Committee when a critical risk element pertaining to the specific country or grant is involved, before making a decision.</p>
<p>Relevant signatory under Signature Authority Procedure</p>	<p>Once the Panel recommendations are approved, an Implementation Letter is issued to document the changes to the conditions in the Grant Confirmation. Implementation Letters are signed in accordance with the Signature Authority Procedure (SAP).</p>

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 objectives¹¹⁹. 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:


OPERATIONAL POLICY

3. This Operational Policy Note (OPN)¹²⁰ describes the rules and requirements that Country Coordinating Mechanisms (CCMs)¹²¹ 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](#).
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.

¹¹⁹ As set forth in the [CCM Policy Including Principles and Requirements](#).

¹²⁰ This document replaces previous CCM Funding OPN and CCM Funding Guidelines.

¹²¹ 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](#).

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 time 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 period¹²², 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 annually¹²³. 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.
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.

¹²² The three-year funding period is not necessarily aligned with the national grant allocation cycle.

¹²³ Indicators may be defined by CCM Hub in cooperation with CCMs, Global Fund Country Teams and other relevant teams within the Global Fund Secretariat.

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 Funding¹²⁴:
 - a. Human Resources (CCM Secretariat staff¹²⁵)
 - 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 financing¹²⁶ 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 funding¹²⁷ must use a portion of CCM Funding to implement activities that support the sustainability of the national responses to the three diseases¹²⁸. 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.

¹²⁴ Please refer to [Instructions included in the Costed Work Plan](#) template for more details on each category.

¹²⁵ 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.

¹²⁶ This principle applies the approach set forth in the [Sustainability, Transition and Co-financing Policy](#) (GF/B35/04 – Revision 1 Board Decision).

¹²⁷ 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](#).

¹²⁸ 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](#).

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 financing¹²⁹;
 - 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-chair¹³⁰ 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).
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 decisions¹³¹.

¹²⁹ Country Dialogue consultations can however be supported through CCM Funding.

¹³⁰ A different CCM member, duly appointed and acting on behalf of the CCM Chair or CCM Vice Chair, could sign the agreement.

¹³¹ The signature of CCM Funding Agreements, related disbursements and amendments is regulated by the Global Fund Signature Authority Procedure.

26. A CCM Funding Agreement must incorporate:
 - a. Agreement Face Sheet
 - b. Costed Work Plan for Year 1¹³²
 - c. CCM Funding Performance Framework for Year 1¹³³
 - 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, and up to 5% per indicator targeting CCM Secretariat's performance¹³⁴. The Global Fund determines the rate to be applied based on the CCM's historic and overall performance, absorption rate and Funding Envelope.

¹³² Costed Work Plans for the succeeding funding years are approved annually. No Implementation Letters are required,

¹³³ CCM Funding Performance Frameworks for the succeeding funding years are approved annually. No Implementation Letters are required.

¹³⁴ The base used to apply the performance-based reductions is the 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 may approve, without limitation, a reduction to a CCM's annual Funding Envelope by an amount equal to double the outstanding recoverable amount¹³⁵.

¹³⁵ Refer to the Recovery Process set forth in the [Global Fund Guidelines for Grant Budgeting](#).

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 expenditure¹³⁶ and achievement of performance targets;
 - b. Transfer the in-country cash balance to the new Funding Recipient, or returning to the Global Fund¹³⁷;
 - 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. Clear¹³⁸ outstanding commitments and refund of non-eligible expenses.

¹³⁶ The report must be audited and, if applicable, subject to LFA verification, as described in Paragraph 38.

¹³⁷ The choice between the two options depends on CCM Funding Recipient's regulations, and timeline for the verification of closing cash balance.

¹³⁸ 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,¹³⁹ 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 buyers¹⁴⁰ through a partial payment made directly to manufacturers using grant funds for the procurement of ACTs (a “co-payment”);¹⁴¹ and
 - c. **Supporting interventions:** Country-level activities funded by Global Fund grants or

¹³⁹ 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.

¹⁴⁰ **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.

¹⁴¹ 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.

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.¹⁴²
- 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 programs¹⁴³ 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.¹⁴⁴
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,¹⁴⁵ 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.

¹⁴² 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.

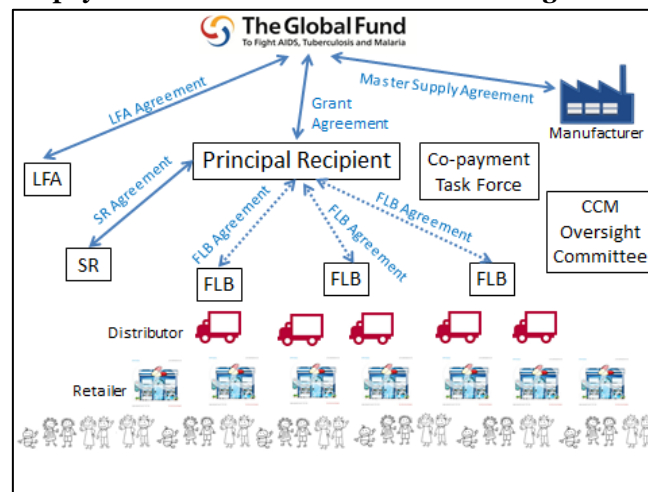
¹⁴³ Countries which participated in AMFm Phase 1 will be able to allocate funding to the Co-payment Mechanism through existing Global Fund grants through reprogramming of existing malaria grants, including at the time of Grant renewal.

¹⁴⁴ 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.

¹⁴⁵ Please see the [Technical Brief on Malaria Case Management in the Private Sector](#).

IMPLEMENTATION AND CONTRACTUAL ARRANGEMENTS

Figure 1. Private Sector Co-payment Mechanism Contractual Arrangements



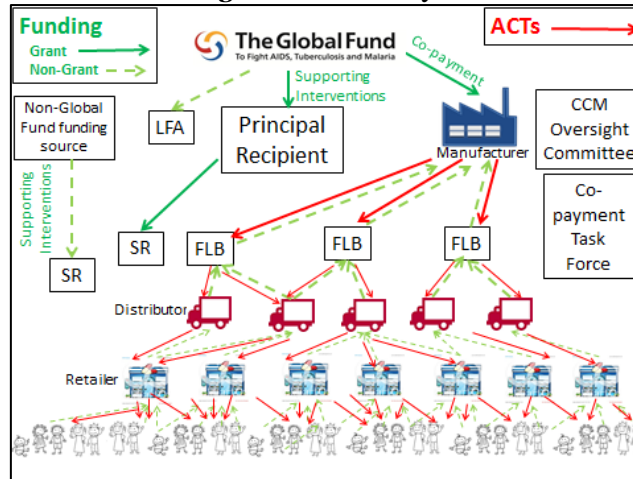
7. **Co-payment Task Force:** The PR will be required to establish an operational Co-payment Task Force responsible for providing guidance (i.e., including minimizing conflicts of interest and monitoring contracting), supporting the PR on the implementation of the Co-payment Mechanism (e.g., first-line 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.¹⁴⁶ 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 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

¹⁴⁶ Countries that established operational AMFm Task Forces in AMFm Phase 1 may wish to build on these existing bodies to fulfil these functions.

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”¹⁴⁷ (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.
 - 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.

¹⁴⁷ 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.

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.

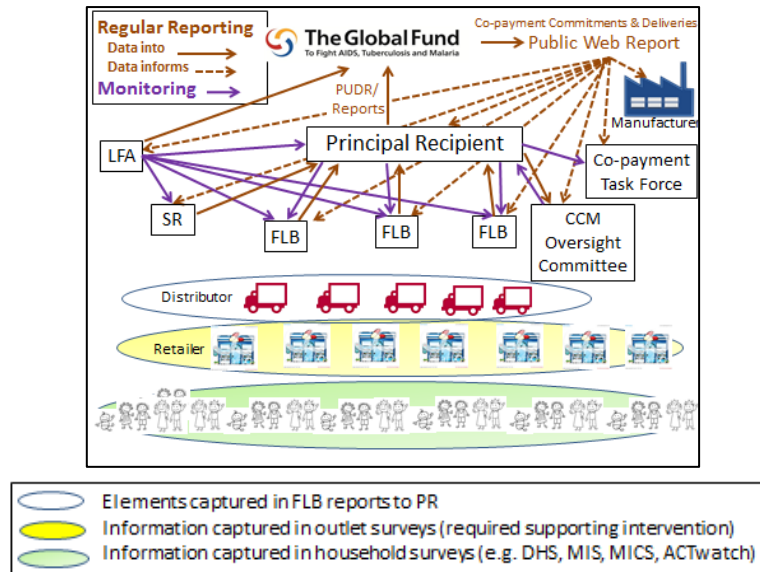
PROCUREMENT AND SUPPLY MANAGEMENT ARRANGEMENTS

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.¹⁴⁸
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 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

¹⁴⁸ Please see Annex 3 for examples of possible demand levers.



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:
- 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.
 - 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.
 - 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

Actor	Responsibility
National Government	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Procure and distribute co-paid ACTs in accordance with terms and conditions of First-line Buyer Agreement
LFA	<ul style="list-style-type: none"> 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	<p><u>Country Team:</u></p> <ul style="list-style-type: none"> 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 Plan¹⁴⁹ and potential conflicts of interest <p><u>Sourcing Department:</u></p> <ul style="list-style-type: none"> 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) Negotiate prices of ACTs with manufacturers including applicable ceiling prices Establish and manage Master Supply Agreements with manufacturers subject to consultation and sign-off from the Legal and Compliance Department Manage co-payment approval and invoicing system, including periodic co-payment allocation and Web Report

¹⁴⁹ 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 grants¹⁵⁰

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

Seq. No	Actors	Process Description	Relevant Links
Decision to finance and implement Private Sector Co-payment Mechanism for ACTs			
1	CCM and PR (consulting with the CT)	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.	
Proposal Development and Review			
2	CCM (consulting with the CT)	Identify PR to be responsible for the co-payment mechanism.	
3	CCM/PR	In consultation with the Secretariat, initiate a reprogramming process as described in the <i>OPN on Grant Revisions</i> . 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. Identify Co-payment Task Force.	
4	LFA	As relevant, review documents and submit recommendations to the CT within the required deadline.	
5	CT with support from malaria advisor and PR	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.	
GAC Review			
6	GAC	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 <i>OPN on Grant Revisions</i>).	
Grant implementation			
7	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).	
8	PR	Complete assessment of eligible first-line buyers.	
9	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.)	

¹⁵⁰ 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.

10	CT and Sourcing Department	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.	
11	PR	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.	
12	Sourcing Department	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.	
13	PR	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.	
14	Sourcing Department	Process co-payment approvals, invoices and update Web Report in public domain.	

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

Seq. No	Actors	Process Description	Relevant Links
Decision to finance and implement Private Sector Co-payment Mechanism for ACTs			
1	CCM (consulting with the CT)	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.	Information Note Concept Note Guidance RBM AMFm Lessons Learned AMFm Phase 1 Independent Evaluation
Concept Note Development			
2	CCM (consulting with the CT)	Propose PR.	
3	CCM (in consultation with PR and NMCP/MOH)	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).	
4	CCM CCM Writing Group Technical Partners CT with support from technical advisors	<p>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.</p> <p>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.</p> <p>Control Point: CCM reviews and endorses concept note, and submits to the Secretariat</p>	Information notes NFM manual Application materials
5	PR	Initiate assessment of eligible first-line buyers.	
Assess Implementers' Capacities and Systems			
6	CT	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.	Capacity Assessment Tool Capacity Assessment Guidelines
7	LFA	As relevant, undertakes assessment of capabilities and submits recommendations to the Country Team within the required deadline.	
8	CT	Completes and finalizes the assessment and determines the required measures to address identified capacity gaps and risks.	

Secretariat Review of 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.	
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).	
Technical Review of the Concept Note			
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.	
GAC Review (prior to grant-making)			
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 making			
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).	
Grant approval			
17	GAC	The GAC reviews the outcomes of the grant making stage and decides whether to recommend the proposed grant for Board approval.	
18	Board	Board approves the grant through an electronic report	
Grant implementation			
17	PR	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.	
18	CT and Sourcing Department	When updated, review and approve proposed allocation across first-line buyers (with LFA review, as needed).	
19	Sourcing Department	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.	
20	PR (under oversight of	Review, validate and approve results of each round of co-payment allocation proposed by the Secretariat in accordance with demand	

	Co-payment Task Force)	levers and first-line buyer assessments.	
21	Sourcing Department	Process co-payment approvals, invoices and update Web Report in public domain.	

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

Demand Lever	Description
Treatment price	Manufacturers that offered the lowest treatment price (below ceiling or maximum price) were prioritized
First-Line Buyer pipeline	Co-payment approval priority was given to First-Line Buyers with fewer undelivered treatments in the pipeline
Performance of manufacturers	At least 75% delivered of past approved orders
Delivery date	Within 3 months of order approval
Formulation/Pack Size	Distribution in the following ratios: <ul style="list-style-type: none"> • Treatment Band 1: 3.4% • Treatment Band 2: 30.5% • Treatment Band 3: 8.7% • Treatment Band 4: 57.4%
Transport by Sea vs. Air	Only Sea shipments were approved
First-line Buyer Procurement ceiling	No First-Line Buyer was able to purchase more than 10% of the annual funding allocation

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 at¹⁵¹
 1. Enabling long term sustainability of Global Fund supported programs and successful transitions from Global Fund financing;¹⁵² and
 2. Mobilizing additional resources to achieve the ambitious goals and targets of the Global Fund Strategy 2017-2022.¹⁵³
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 onwards¹⁵⁴. 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 contributions¹⁵⁵ that finance the health sector and the national response against HIV, tuberculosis and malaria. Domestic public resources include: government revenues, government borrowings¹⁵⁶, social health insurance, and debt relief proceeds (including Debt2Health arrangements with the Global Fund¹⁵⁷). 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.

¹⁵¹ The Global Fund Sustainability, Transition and Co-financing Policy, as set forth in Annex 1 to GF/B35/04 – Revision 1, and approved by the Board in April 2016 under decision point GF/B35/DP08: https://www.theglobalfund.org/media/4221/bm35_04-sustainabilitytransitionandcofinancing_policy_en.pdf

¹⁵² The Global Fund Sustainability, Transition and Co-financing Policy, GF/B35/04 – Revision 1, April 2016.

¹⁵³ The Global Fund Strategy 2017 – 2022: Investing to End Epidemics, April 2016 https://www.theglobalfund.org/media/2531/core_globalfundstrategy2017-2022_strategy_en.pdf

¹⁵⁴ Co-financing requirements (previously called counterpart financing and willingness-to-pay requirements) for grants arising from the 2014-2016 allocation period is as set forth in the OPN on Counterpart Financing.

¹⁵⁵ Restricted to verifiable contributions from domestic corporations and philanthropies that finance National Strategic Plans (excludes direct out of pocket expenditures borne by households)

¹⁵⁶ This pertains to expenditure from loan proceeds in a grant implementation period and excludes repayment and interest

¹⁵⁷ Debt2Health contributions to the Global Fund are considered towards co-financing of disease programs subsequent to Board decision GF/BM32/DP13.

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;¹⁵⁸ and
- 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. Applicability of co-financing requirements for such countries is communicated through the Allocation Letter.
8. Co-financing requirements for accessing funds beyond country allocations¹⁵⁹, will be subject to the rules governing the use of such funding, if applicable.

¹⁵⁸ OPNs on Access to Funding, Grant-making and Approval, Grant Revisions, Annual Funding Decisions and Disbursements and Signature Authority Procedure as of date

¹⁵⁹ E.g. catalytic funds or additional funding through portfolio optimization as per terms of GAC approval

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 declarations¹⁶⁰ 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 burden¹⁶¹ for two or more disease components who have a low prioritization of government spending on health and/or low capacity for domestic revenue capture¹⁶²: 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 populations¹⁶³.
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 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:

¹⁶⁰ Such as the Abuja Declaration of 2001

¹⁶¹ As defined in Annex 1 of the Eligibility Policy

¹⁶² Less than 8% of government expenditure on health and/or tax revenues are lower than 15% of the GDP.

¹⁶³ Indicative list of requirements for assessment and will be assessed on a case by case basis.

- a. More than the domestic investments made in the corresponding implementation period of the grants arising from the prior allocation period,¹⁶⁴ 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’*¹⁶⁵; 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:

Country Income Classification	Disease Burden	Additional Co-Financing Investments
Low Income	Any	Invested in either disease programs or RSSH. Flexibility to demonstrate 100% of their additional investments are towards RSSH
Lower-LMI	Any	At least 50 percent invested in priority areas within the disease program. Remainder can be in RSSH
Upper LMI	High, Severe, Extreme	At least 75 percent invested in priority areas within the disease program. Remainder can be in RSSH
Upper LMI	Low and Moderate	Focused on addressing systemic bottlenecks for transition and sustainability ¹⁶⁶ , with at least 75 percent in priority areas within the disease program.
UMI	Any	Focused on disease components and RSSH activities to address roadblocks to transition ¹⁶⁷ , with a minimum of 50% invested in specific disease components targeting key and vulnerable populations ¹⁶⁸

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 priorities¹⁶⁹, 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:
- 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;

¹⁶⁴ 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

¹⁶⁵ According to the Global Fund Eligibility List, based on World Bank’s income classification.

¹⁶⁶ Identified by the country either through a transition readiness assessment or transition work plan or through national strategic plans or other relevant assessments.

¹⁶⁷ Ibid

¹⁶⁸ As defined in the Global Fund Key Populations Action Plan 2014 – 2017 https://www.theglobalfund.org/media/1270/publication_keypopulations_actionplan_en.pdf

¹⁶⁹ 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)

- 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 partial¹⁷⁰ 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;¹⁷¹
 - 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.
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.

¹⁷⁰ 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

¹⁷¹ The classification of a country as a COE does not automatically guarantee the application of flexibilities.

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 allocation¹⁷². 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,¹⁷³ 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.
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.

¹⁷² Country income classification used for the 2014-16 allocation period applies to previous 'Willingness to Pay' requirements.

¹⁷³ Was referred to as 'willingness to pay' in the 2014-16 allocation period.

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 burden¹⁷⁴ countries with low government spending on health and/or low revenue capture¹⁷⁵ 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 platforms¹⁷⁶, 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:
- Mechanisms through which government will finance the disease program or RSSH (central/regional/local government revenues, loans, debt relief and/or social health insurance);
 - Current and planned additional domestic financing of disease programs and RSSH in terms of the extent of funding and the interventions supported;
 - Timing or annual cycle of co-financing investments; and
 - 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 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.¹⁷⁷ 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**

¹⁷⁴ Countries with high, 'severe' or 'extreme' disease burden for two or more disease components, as defined by Eligibility Policy

¹⁷⁵ Defined as less than 8% of government expenditure on health and tax revenues are lower than 15% of the GDP

¹⁷⁶ Such as the Global Financing Facility.

¹⁷⁷ For program continuation, the Country Team will present the assessment of compliance to the GAC

PREVIOUS ALLOCATION PERIOD¹⁷⁸:

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 allocation¹⁷⁹, if:
 - a. Realization of co-financing commitment in completed fiscal years plus budget allocated for the final year in USD/EURO¹⁸⁰ 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;¹⁸¹ OR
 - 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
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 Officer¹⁸²
38. The possible outcomes of the compliance determination and their implications are summarized below:
 - 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 appropriate¹⁸³, Country Teams should consider tying subsequent disbursements to realization of commitments;

¹⁷⁸ Was referred to as 'willingness to pay' in the 2014-16 allocation period

¹⁷⁹ Was referred to as 'willingness to pay' in the 2014-16 allocation period

¹⁸⁰ Depending on which currency the country had used to provide commitments

¹⁸¹ 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

¹⁸² The same process will be applicable for assessment of compliance during grant implementation

¹⁸³ Disbursement can be linked to specific co-financing milestones based on an assessment of potential impact of its withholding, should co-financing not materialize

- 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 incentive¹⁸⁴. The proportion of realized co-financing commitments will be applied to the amount provided as co-financing incentive¹⁸⁵, and the residual amount either withheld as disbursement or reduced from the grant funds amount (See Annex-4 for illustration)¹⁸⁶.
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 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 requirements¹⁸⁷ 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 allocations¹⁸⁸ (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.

¹⁸⁴ Was referred to as 'willingness to pay' in the 2014-16 allocation period

¹⁸⁵ Was referred to as 'willingness to pay' in the 2014-16 allocation period

¹⁸⁶ 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.

¹⁸⁷ Withholding of disbursements or reduction of grant funds

¹⁸⁸ Proportion will be capped at 100%, for countries receiving a higher level of funding in the current allocation

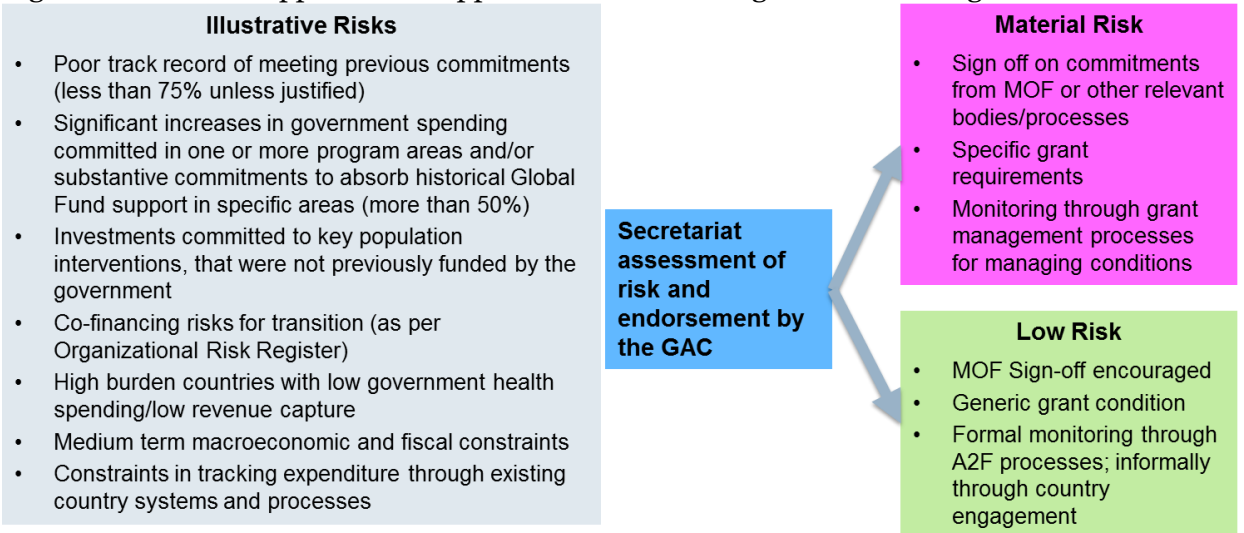
ASSESSING CO-FINANCING COMMITMENTS TO ACCESS THE CO-FINANCING INCENTIVE FOR THE NEXT ALLOCATION:

- 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 processes¹⁸⁹, 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

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 ¹⁹⁰



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

¹⁸⁹ 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.

¹⁹⁰ 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.

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.
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:

Option	Grant Agreement	Approval of Approach	Monitoring	Implications for Non-Compliance	Approval of Implications
1	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	GAC	Periodically followed up through country engagement, budget execution reports, NHA, NASA, and partner data	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	Withholding of disbursement as per OPN on Annual Funding Decisions and Disbursements Reduction of grant funds amount as per OPN on Grant

Option	Grant Agreement	Approval of Approach	Monitoring	Implications for Non-Compliance	Approval of Implications
2	Country specific requirement in grant agreement for countries where there is a material risk of non-realization of co-financing commitments	GAC	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).	(b) reduction in grant funds amount (c) reduction of subsequent allocation	Revisions Reduction of Allocation – GAC Approval

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 disbursements¹⁹¹. 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

¹⁹¹ Refer to OPN on Risk Management Across the Grant Lifecycle

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.

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

Considerations	Funding Cycle
Determination of Co-Financing Incentive for each Disease Allocation	Process for finalization of Allocation Letter
Communication of Co-financing Requirements	Allocation Letter
Country Engagement on Co-Financing	Country Dialogue and Grant-Making
Submission of evidence of realization of previous co-financing commitments	<ul style="list-style-type: none"> • Prior or along with first Full or Tailored Review • Program Continuation- Grant Making • High Risk Countries- Program Split or specified date
Assessment of compliance with co-financing requirements for past allocation	<ul style="list-style-type: none"> • Prior or along review of first Full or Tailored Review • Program Continuation- Grant Making
Consequence for Non-Compliance of previous co-financing commitments	<ul style="list-style-type: none"> • Proportionate withholding of disbursements (any time during the implementation period): Approval through disbursement decision process (OPN on Annual Funding Decisions and Disbursements) • Proportionate reduction of grant funds (in last year of implementation): Approval as per Grant Revisions process (OPN on Grant Revisions) • 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
Submission of evidence of co-financing commitments for next implementation period	<ul style="list-style-type: none"> • Program Continuation- Grant Making • Prior or along with funding request for Full/Tailored Review • Flexibility for submission of formal commitments during grant making or grant implementation to accommodate reasonable time for country processes
Implications for insufficient commitments to access full co-financing incentive	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
Consolidation of commitments, revision in distribution of co-financing incentive among components, grant requirements and monitoring approach	Grant-making Final Review and Sign-off Form; GAC Endorsement
Grant requirements approved by GAC	Incorporated in the Grant Agreement
Monitoring during implementation period	As per monitoring approach endorsed by GAC and grant requirements in grant agreement

Annex-2: Decision Making Process for Co-Financing

Co-Financing Decisions	Recommend	Internal Clearance (as per existing processes)	Consulted/ Support	Process	Approving Authority	Inform/ Report
Determining Co-Financing Incentive of Allocation	FPM		CT, HFT, STC Specialists (in applicable regions)	Process for Allocation Letter	DH/RM, GMD Validated by GAC	Country Stakeholders through Allocation Letter
Exceptional revision in distribution of co-financing incentive among components	FPM		CT, HFT, STC Specialists (in applicable regions)	Grant-making Final Review and Sign-off Form	DH/RM, GMD and RFM Validated by GAC	Country Stakeholders through Management Letter
Final Co-financing commitments, assessment of Co-Financing risks, grant requirements, monitoring approach	FPM	Finance Specialist (in high impact and core), Legal Officer	HFT, STC Specialists (in applicable regions)	Grant-making Final Review and Sign-off Form (through DH/RM and RFM)	GAC	GAC Report to Board; Implementation KPI and milestone reporting to MEC
Exemption from Co-Financing Requirements	FPM	DH/RM, GMD	CT, HFT, STC Specialists (in applicable regions)	Standard Memo Template	Head GMD	Reported to GAC; GAC Report to Board; Management Letter to Country Stakeholders
Withholding of disbursements	FPM	Finance Specialist/PST, Legal Officer	HFT, STC Specialists (in applicable regions)	Disbursement Decision Process	As per OPN on Annual Funding Decisions and Disbursements	Management Letter accompanying Disbursement Notification Letter
Reduction of Grant Funds amount for non-compliance	FPM	Finance Specialist/PST, Legal Officer	HFT, STC Specialists (in applicable regions)	Grant Revisions	As per OPN on Grant Revisions	Implementation Letter; GAC Report to Board
Reduction of future allocation for non-compliance	FPM	Finance Specialist/PST, Legal Officer	A2F, HFT, STC Specialists (in applicable regions)	GAC Review	GAC	GAC Report to Board; Management Letter to Country Stakeholders

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 resources¹⁹², 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;
 - 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

¹⁹² 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.

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

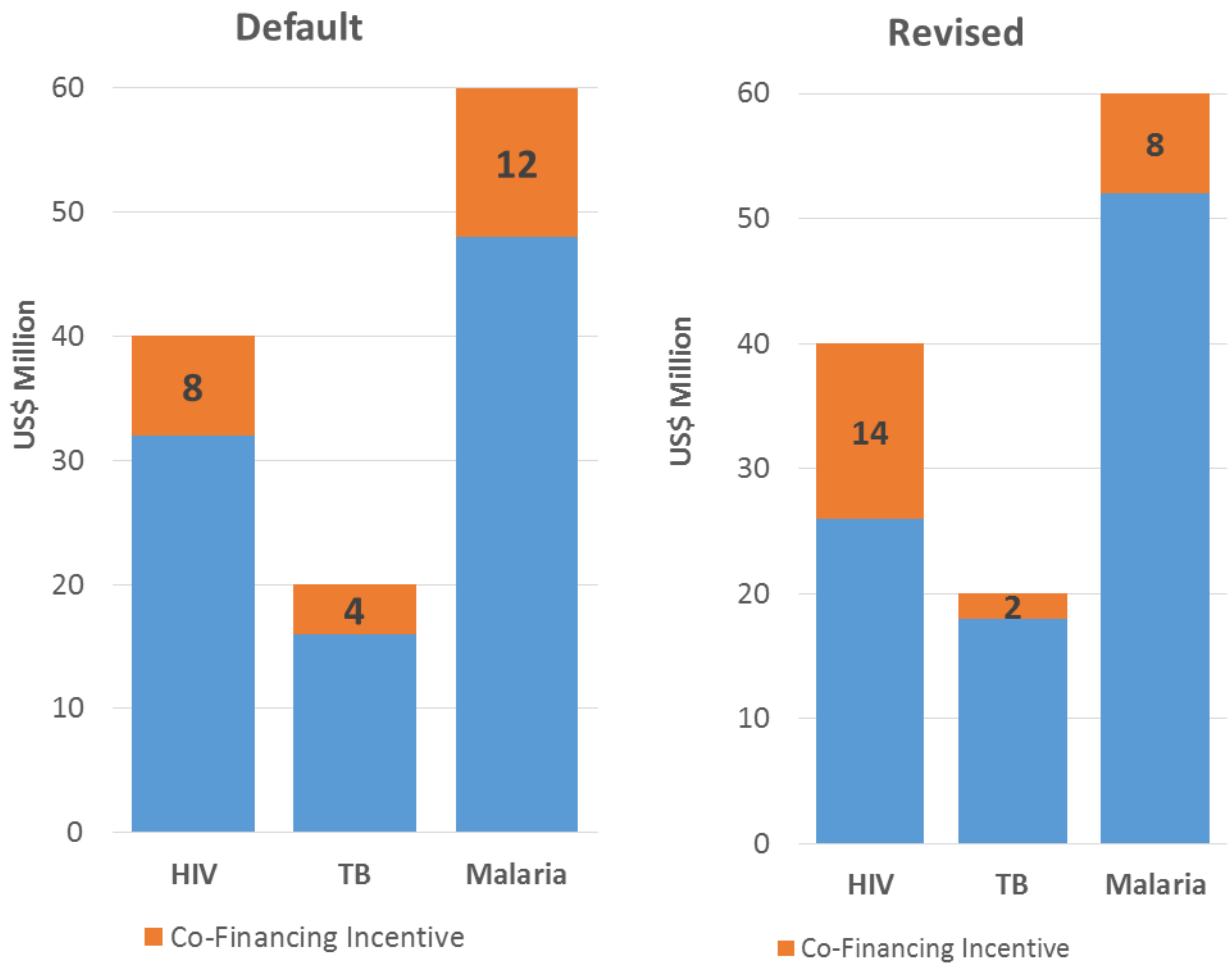
A. 2014-16 Allocation	100 M
B. Amount tied to WTP (15%)	15 M
C. Minimum required additional domestic investments under WTP (2:1 for an UMI Country)	30M
D. Realization of additional domestic investments	10 M
E. Proportion of Non Realization $=(C-D)/C$	66%
H. Amount of Grant funds reduced $(B*E)$	10M

B. Reduction of Subsequent Allocation (Example of UMIC)- Reference to paragraph 42

A. 2017-19 Allocation	40 M
B. 2014-16 Allocation	100 M
C. Proportion of 2017-19 Allocation to 2014-16 Allocation*	40%
D. Amount tied to WTP (15%)	15 M
E. Minimum required additional domestic investments under WTP (2:1 for an UMI Country)	30M
F. Realization of additional domestic investments	10 M
G. Proportion of Non Realization $=(E-F)/E$	66%
H. Amount of 2017-19 Allocation Not Accessible $(G*C*D)$	4 M
I. Adjusted 2017-19 Allocation (A-G)	36 M

* 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.unaids.org/en/resources/documents/2013/name.85053.en.asp>
- HIV: <http://www.unaids.org/en/dataanalysis/monitoringcountryprogress/nasacountryreports/>
- HIV: <http://aidsinfoonline.org/devinfo/libraries/asp/Home.aspx>
- HIV: <http://www.pepfar.gov/countries/cop/>
- TB: http://www.who.int/tb/publications/global_report/en/
- Malaria: http://www.who.int/malaria/publications/world_malaria_report_2013/en/index.html
- Malaria: <http://www.pmi.gov/countries/mops/index.html>
- 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/>
- Macroeconomic Indicators: <http://www.imf.org/external/ns/cs.aspx?id=28>

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.

GRANT ENTITY DATA

Approved on: 11 November 2020, Updated 26 May 2021
Approved by: Executive Grant Management Committee
Process Owner: Finance

OVERALL OBJECTIVES

96. The grant entity data (GED) process¹⁹³ enables the efficient and effective delivery of all grant life cycle processes through use of accurate and updated information on Coordinating Mechanisms (CM)¹⁹⁴, Principal Recipients (PR)¹⁹⁵, Local Fund Agents (LFA) and third-party organizations¹⁹⁶ (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.
97. GED refers to the 14 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)

GRANT ENTITY DATA				
	PR*	CM	LFA	Third Party
Organization Information	✓	✓	✓	✓
Banking Information	✓			✓
Contacts with Signatory Rights	✓	✓	✓	
Contacts with Notice Rights	✓		✓	
Contacts with Access Rights	✓	✓	✓	

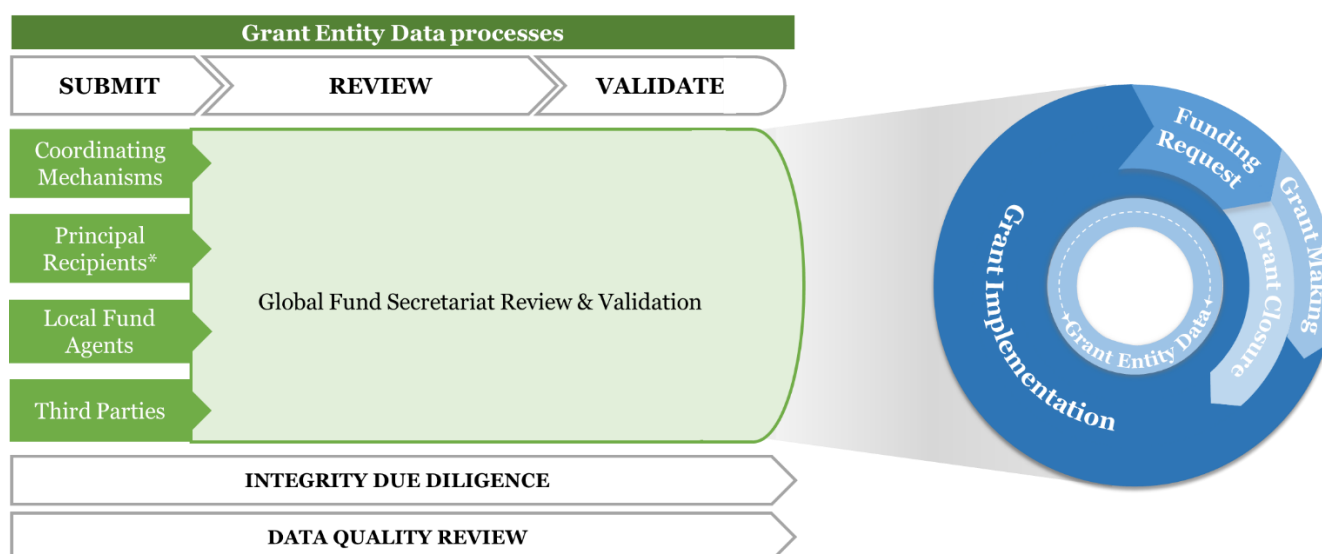
* And Lead Implementer if applicable (see footnote 3). The relevant GED for Lead Implementers are: Organization Information, Contacts with Notice Rights and Contacts with Access Rights. Lead Implementer GED are all non-Core GED.

¹⁹³ Formerly known as Master Data process.

¹⁹⁴ 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.

¹⁹⁵ 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.

98. The key steps for managing GED are presented in the following diagram:



* And Lead Implementers, if applicable.

OPERATIONAL POLICY

99. 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 multi-country portfolios and grants.

100. Guiding Principles

- i. **GED Responsibility and Accountability.** Grant Entities are the source of their respective GED¹⁹⁷. 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 responsible for defining and creating¹⁹⁸, updating and managing their own information. Global PRs¹⁹⁹ are also accountable for both their headquarters and country-level GED.
- ii. **GED Protection and Privacy.** GED containing personal data²⁰⁰ 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.

¹⁹⁷ Under the Global Fund Data Governance and Design Framework, these entities are the data producers.

¹⁹⁸ Except in cases defined in Submit GED section of this OPN.

¹⁹⁹ As defined in Annex 1.

²⁰⁰ As defined in Annex 1.

A. SUBMIT GED

- 101.** 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.
- 102. 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.
- 103. 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.
- 104.** 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 sent via SMS when logging into the Global Fund Partner Portal (Multi-Factor Authentication) and must agree to the [Partner Portal Terms of Use](#).

B. REVIEW AND VALIDATE GED

- 105. 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.
- 106.** 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 this OPN.
- 107. Validation.** Based on the review, GED will be validated by the following before being reflected in Global Fund systems:

Entity	Grant Entity Data	Validation
PR ²⁰¹	Organization Information	<p>Creation of new organization and update of official name: Financial Services Team</p> <p>Other organization updates:</p> <ul style="list-style-type: none"> ○ Regular PR: Country Team – Fund Portfolio Assistant or Analyst/FPA (Focused) or Program Officer ○ Global PR: PST Specialist

²⁰¹ And LI, if applicable. LI GED (Organization Information, Contacts with Notice Rights and Contacts with Access Rights) follow the validation process for Regular PRs.

Entity	Grant Entity Data	Validation
	Banking Information	Creation: Finance Specialist or PST Specialist (Focused Portfolios and Global PRs) Update / deactivation: Financial Services Team
	Contacts with Signatory Rights and Contacts with Notice Rights	Financial Services Team
	Contacts with Access Rights	Regular PR: Country Team – FPA (Focused) or PO Global PR: PST 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 ²⁰² for existing Chair / Vice Chair / acknowledgment signatories: CCM Hub Update of existing Chair / Vice Chair / acknowledgment signatories without critical fields edited: Country Team – FPA (Focused) or PO
	Contacts with Access Rights	CCM Hub
LFA	Organization information	LFA Coordination Team
	Contacts with Signatory and Notice Rights	
	Contacts with Access Rights	
Third Party	Organization information	Financial Services Team
	Banking information	
	Relationship between PR and Third Parties	

C. INTEGRITY DUE DILIGENCE

108. 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.

D. DATA QUALITY REVIEW

109. **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.

²⁰² First Name, Last Name, Role, Recipient Status

110. **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 Global Fund regulations on record retention. 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.

SPECIFIC MULTI-COUNTRY CONSIDERATIONS

111. The standard approach defined above also applies to multi-country portfolios and grants. The Global Fund's Portfolio Services Team (PST) is responsible for the internal review of GED relating to Global PRs.

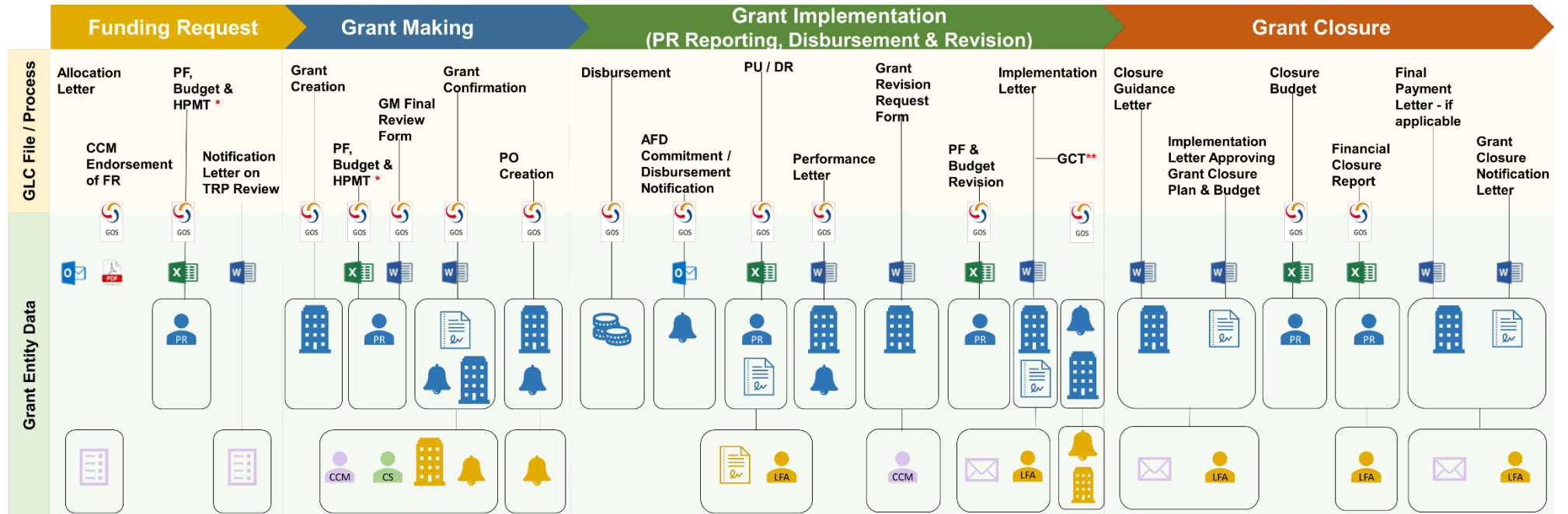
Annex 1. Definition of Terms

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 Disbursements²⁰³.
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 multi-country. 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 Access Rights:** refers to the person that will have access to the Global Fund Partner Portal to manage GED.
8. **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, 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.

²⁰³ See link to Operational Policy Manual:
https://www.theglobalfund.org/media/3266/core_operationalpolicy_manual_en.pdf.

Annex 2. Illustrative graph visual indicating underlining the importance of GED Across the Grant Life Cycle

Grant Entity Data (GED) is foundational to the Grant Life Cycle (GLC)



* HPMT is not yet generated from GOS

** GCT: Grant Confirmation Table. It is generated from GOS and attached to the IL, where amendments to the GCT are required.

- For existing PRs, grants can be created after the FR is submitted for TRP Review.
- CCM and LFA Membership lists are used throughout the Grant Life Cycle.



Annex 3. Rules and Requirements on Creating or Updating GED

1. Organization Information						
Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR ²⁰⁴	CM	LFA	Third Party		
Official and/or Legal name of the organization	✓	✓	✓	✓	<ul style="list-style-type: none"> - Must be the organization name that appears in official or legal documents. - PR (and LI²⁰⁵ if applicable), LFA and Third-Party official name must be in English²⁰⁶ - 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. 	<p><u>All entities (except Third Party):</u></p> <ul style="list-style-type: none"> - Completed Organization Information Form²⁰⁷ EN ES FR - Documentary evidence such as certificate of incorporation, Articles of Association, registration certificate or trust deed ²⁰⁸ - <u>LI, if applicable (in addition to the above):</u> Written document from the PR indicating the organization to be specified as the LI - <u>CM (in addition to the above):</u> Meeting minutes, email exchange or official letters may be attached. <p><u>Third Party - Supplier Information</u></p> <ul style="list-style-type: none"> - A Supplier Creation Form completed by the Third Party;
Official Address of the Organization	✓	✓	✓	✓		
Type and sub-type of Organization	✓	✓			<ul style="list-style-type: none"> - Implementers (PR and LI if applicable) type and sub-type must be aligned with the Global Fund classification as defined in Annex 4. - CM types can be: Country Coordinating Mechanism (CCM), Regional Coordinating Mechanism (RCM), Regional Organization (RO) or Non-CCM. 	
Organization short name: organization name as per Global Fund standard terminology	✓	✓	✓		<p>Organization short name must be aligned with the following:</p> <ul style="list-style-type: none"> - PR (and LI if applicable) & LFA: Organization acronym and Country name (i.e. 'MOH Bangladesh' or 'UNDP Sudan', 'PwC Kenya') 	

²⁰⁴ And LI, if applicable (see footnote 3).

²⁰⁵ See footnote 3.

²⁰⁶ The official name of an organisation 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 (eg. French or Spanish), the Country Team should consult with Legal Counsel.

²⁰⁷ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²⁰⁸ 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

Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR ²⁰⁴	CM	LFA	Third Party		
					<ul style="list-style-type: none"> - 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. 	<ul style="list-style-type: none"> - A Third Party bank letter completed by the beneficiary's bank on letterhead using the Third party bank letter template; - 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)
Preferred communication language²⁰⁹	✓	✓			<ul style="list-style-type: none"> - English, French or Spanish 	
Organization Grant Abbreviation (PR only)	✓				<ul style="list-style-type: none"> - Acronym of the official name of the organization which will be used in creating the grant name 	
Focal point²¹⁰ contact details: - Salutation, First name, Last name, Job title (PR and LI if applicable), Role (CM), Email address	✓	✓			<ul style="list-style-type: none"> - 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 	<p><u>Third Party – Linking with PR</u></p> <ul style="list-style-type: none"> - Invoice from Third Party with full name and bank details (if possible) - A Third Party bank letter completed by the beneficiary's

²⁰⁹ 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.

²¹⁰ 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.

1. Organization Information

Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR ²⁰⁴	CM	LFA	Third Party		
						bank on letterhead using the Third party bank letter template ;

2. Bank Information

Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR	CM	LFA	Third Party		
Bank Name (Full legal name)	✓			✓	- Registered name of the final bank where beneficiary's account is held - Bank must be cleared following anti-terrorism screening	<p>PR:</p> <ul style="list-style-type: none"> - 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. <ul style="list-style-type: none"> ○ PR Bank Information Template EN ES FR RU - 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
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	
SWIFT/BIC code (mandatory)	✓			✓	- Code used to identify specific banks worldwide when financial transactions are made. It consists of 8 or 11 alpha-numeric characters (where the last 3 characters which are not mandatory represent the bank's branch) - Bank's SWIFT code must be duly verified	

2. Bank Information

Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR	CM	LFA	Third Party		
IBAN (International Bank Account Number)	✓			✓	- It has different structures according to the national rules of different countries. It always begins with two letters to represent the country and two additional numbers. This is followed by the bank code, account number (and national check digits where applicable) - Account's IBAN code must be duly verified	Third Party: - Same as required documents for Third Party Organization Information - Completed Eco-Sign Letter
ABA: American Bankers Association routing transit number	✓			✓	- US Banks only - Nine-digit code	
Special Instructions: Some banks in certain countries may require specific instructions in order to credit funds to the beneficiary's account.	✓			✓	- This section must be completed ONLY if required.	
Routing Instructions: Some beneficiary banks can receive fund transfers only through a third bank, also called intermediary or pay through bank. The following details will then be required: <ul style="list-style-type: none"> • Intermediary Bank Name • Intermediary Bank Country • Intermediary Bank SWIFT (if applicable) • Intermediary Bank IBAN (if applicable) • Intermediary Bank Account Number (if 	✓			✓	- This section must be completed ONLY if required.	

2. Bank Information						
Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR	CM	LFA	Third Party		
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						
Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR	CM	LFA	Third Party		
Full name of the Signatory	✓	✓			<p><u>PR:</u></p> <ul style="list-style-type: none"> - Must be a duly authorized official able to sign and enter into contracts and other legal documents on behalf of the PR. - At least 1 Primary and 1 Secondary signatory must be nominated <p><u>CM:</u></p> <ul style="list-style-type: none"> - Must be Chair, Vice-Chair or any other CM member acting as Civil Society signatory. 	<p><u>PR:</u></p> <ul style="list-style-type: none"> - PR Signatory Authority Letter²¹¹ EN ES FR <p><u>CM:</u></p> <ul style="list-style-type: none"> - CM Signatory Authority Template for CM that is a legal entity - CM Signatory Authority Template for CM that is not a legal entity - CM Signatory Authority Template for CM that is not a legal entity (UNDP as CCM Funding Recipient)
Official job title in the organization	✓	✓				
Email address	✓	✓				

²¹¹ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

3. Contacts with Signatory and/or Notice rights						
3.a. Authorized Signatory for Legally Binding Documents						
Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR	CM	LFA	Third Party		
						meeting minutes, non-objection approvals by all CM members

3.b. Authorized Signatory for Disbursement Requests						
Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR	CM	LFA	Third Party		
Full name of the Signatory	✓		✓		<u>PR:</u> - At the least the Program/Project Manager or Finance Manager - At least 1 Primary and 1 Secondary signatory must be nominated <u>LFA:</u> - Partner or Team Leader Must nominate one only 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	<u>PR:</u> PR Signatory Authority Letter ²¹² EN ES FR <u>LFA:</u> Local Fund Agent Signatory Template English
Official job title in the organization	✓		✓			
Email address	✓		✓			

²¹² 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						
Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR ²¹³	CM	LFA	Third Party		
Full name of Organization Representative for Notices	✓		✓		<u>PR:</u> - Must be senior official - One Primary at PR level and one Secondary at LI level (if applicable)	- PR Signatory Authority Letter ²¹⁴ EN ES FR
Official job title in the organization	✓		✓		<u>LFA:</u> - Partner or Team Leader - Must nominate one only	- LI (if applicable): Completed Global Fund Template to appoint Secondary Organization Representative for Notices ²¹⁵ EN ES FR
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	- LFA: Email providing the required information

4. Contacts with Global Fund Partner Portal (GED Module) Access Rights						
Required Information	Applicable To				Applicable Rules	Supporting Documents
	PR ²¹⁶	CM	LFA	Third Party		
Full name of the Contact	✓	✓	✓		<u>PR (and LI if applicable) and LFA</u> contacts responsible for GED management	<u>All Entities:</u>

²¹³ And LI, if applicable (see footnote 3).

²¹⁴ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²¹⁵ Ibid.

²¹⁶ And LI, if applicable (see footnote 3).

Official job title in the organization	✓	✓	✓	<p>- 1 Primary and 1 Alternate in addition to the Focal Point contact created alongside a new organization</p> <p><u>CM:</u></p> <p>- Admin focal points responsible for GED management for the CM</p> <p>A contact may have portal access rights for multiple organizations only for the following cases:</p> <ul style="list-style-type: none"> ○ A contact is the admin focal point for a PR and also for the CM ○ An LFA contact working for multiple LFA organizations 	Completed Global Fund Portal Access Rights template ²¹⁷ EN ES FR
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	

²¹⁷ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

Annex 4. Global Fund Categorization of Implementers²¹⁸

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.

Organization Type	Organization Sub-type	International / Local Sub-type Distinction (if applicable)
Civil Society Organization (CSO) Organizations/groups that undertake collective action around shared interests, purposes and values, generally distinct from government and commercial for-profit actors. Civil society includes charities, development NGOs, community groups, women's organizations, faith-based organizations, professional associations, trade unions, social movements, coalitions and advocacy groups.	Community Based Organization (CBO): Non-profit groups that work at a local level to improve life of residents. The focus is to build equality across society in all streams - health care, environment, quality of education, access to technology, access to spaces and information for the disabled, to name but a few.	N/A
	Non-Governmental Organization (NGO): 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.	International Non-Governmental Organizations (INTNGO): NGOs with global presence spanning across countries. Local Non-Governmental Organizations (LOCNGO): NGOs with mostly domestic presence (in-country).
	Faith-Based Organization (FBO): 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.	International Faith-Based Organization (INTFBO): FBOs with global presence spanning across countries. Local Faith-Based Organization (LOCFBO): FBOs with mostly domestic presence (in-country).
Multilateral Organization (MO):	United Nations (UN): All UN organizations / agencies, such as UNDP, UNICEF, UNOPS, and IOM.	N/A

²¹⁸ 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.

Organization Type	Organization Sub-type	International / Local Sub-type Distinction (if applicable)
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.	Others (OTH): MOs that are non-UN, such as International Bank for Reconstruction and Development (IBRD), Inter-American Development Bank (IDB), Caribbean Community Secretariat (CARICOM)	N/A
Governmental Organization (GOV): Public or nationally owned branch of government.	Ministry of Health (MOH) (including other governmental organizations which report to the Minister of Health)	N/A
	Ministry of Finance (MOF)	N/A
	Other - Governmental Organizations (OTH): Any other governmental organization, which is different from MOH and MOF.	N/A
Private Sector (PS): 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.		International Private Sector (INTPS): Private Sector entity that is operational in more than one country.
		Local Private Sector (LOCPS): Private Sector entity that is legally based and operational in one country only.

Annex 5. Rules for Deactivation of GED in Global Fund Systems

	Impacted GED	When to Deactivate?	Who can Deactivate?	Supporting Documents (if applicable)
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.				
PR	Banking Information	Immediately when there is a change in PR banking details	PR Contact with Access Rights	Change Request to deactivate old record In case of account closure, letter from the bank confirming closure of the bank account or for other situations, letter from authorized signatory
	<ul style="list-style-type: none"> - Contacts with Signatory and Notice Rights²¹⁹ - Contacts with Access Rights²²⁰ 	Immediately when there is a PR decision to change the Signatory, Notice or Partner Portal Access contact(s)		Change Request to deactivate old record
CM	<ul style="list-style-type: none"> - Contacts with Signatory Rights - Contacts with Access Rights 	Immediately when there is a CM decision to change the Signatory or Partner Portal Access contact(s)	CM Contact with Access Rights	Change Request to deactivate old record
LFA	<ul style="list-style-type: none"> - Contacts with Signatory and Notice Rights - Contacts with Access Rights 	Immediately when there is a LFA decision to change the Signatory, Notice or Partner Portal Access contact(s)	LFA Contact with Access Rights	Change Request to deactivate old record
Third Party	Banking Information	Immediately when there is a change in Third Party bank account	Country Team	<ul style="list-style-type: none"> - ServiceNow ticket to deactivate old record - In case of account closure, letter from the bank confirming closure of the bank account or for other situations, letter from Third Party

²¹⁹ And for LI, if applicable. The LI contact with Access Right is responsible for raising the contact deactivation change request via the GED Module in the Global Fund Partner Portal.

²²⁰ And for LI, if applicable. The Alternate LI contact with Access Right is responsible for raising the contact deactivation change request via the GED Module in the Global Fund Partner Portal.

Version No.	Approved by	Change Description	Date
1.0	EGMC	Original version	11 November 2020
1.1	Head, Grant Management Division	<ul style="list-style-type: none"> • 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

GRANT ENTITY DATA

Approved on: 11 November 2020, Updated 26 May 2021

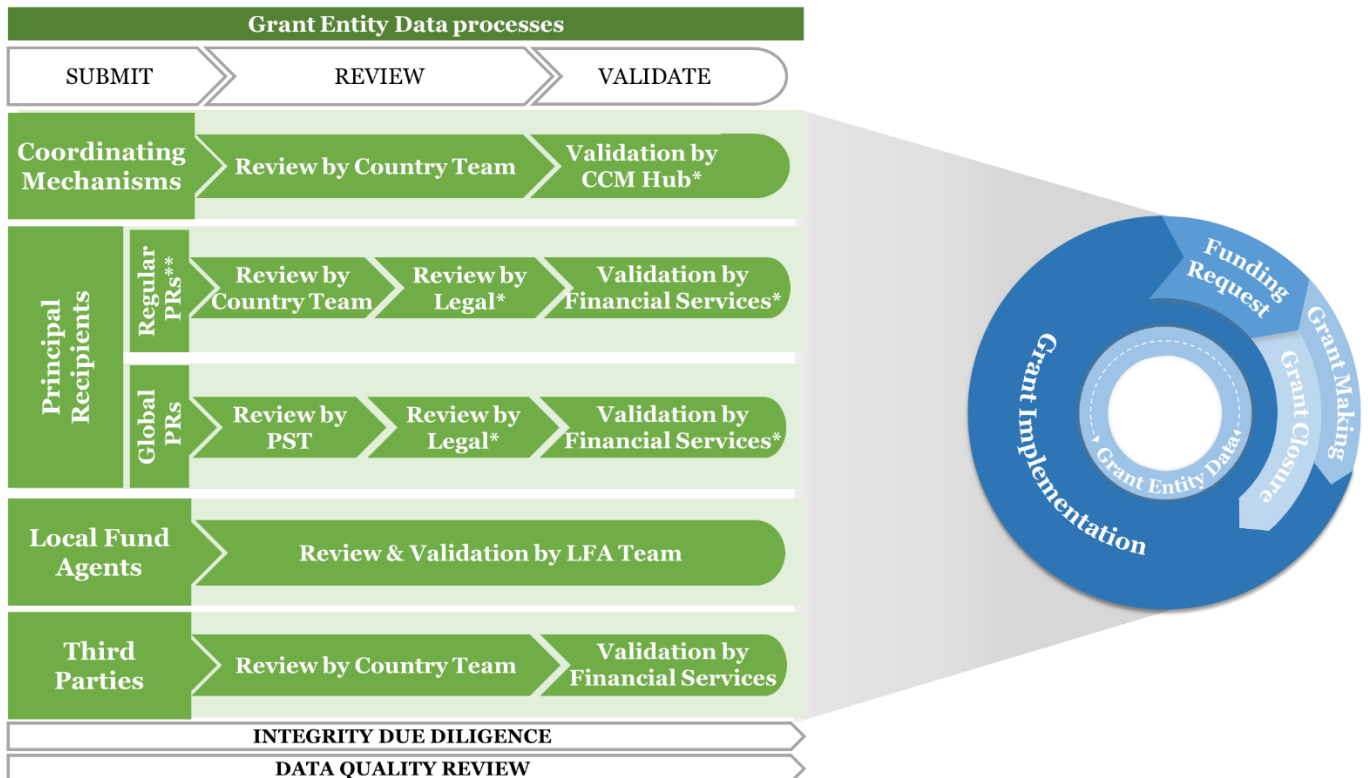
Approved by: Executive Grant Management Committee

Process Owner: Finance

Applicable Operational Policies and Process Maps:

- OPN on Grant Entity Data
- GED Process Maps and High-level RACI

4. This document provides procedural guidance on Grant Entity Data (GED) submission, review, validation, and data quality review.
5. The key steps in managing the GED process are captured in the following diagram.



Legend

* Review and/or validation might not be required depending on the type of change request. Refer to the GED Operational Procedures for further details.

** And Lead Implementers, if applicable.

- PST: Portfolio Services Team
- Country Team: FPA (Focused) or PO
- LFA Team: LFA Coordination Team

6. 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 Recipient²²¹ (PR) Information
 - Section B: Coordinating Mechanism (CM) Information
 - Section C: Local Fund Agent (LFA) Information
 - Section D: Third Party Information
 - Section E: Monitoring and Reporting
7. 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:
 - iv. completeness of GED and supporting documents;
 - v. accuracy of information against submitted supporting documents; and
 - vi. compliance with the GED requirements defined in the GED OPN.
8. **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. 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.

²²¹ 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.

SECTION A: PRINCIPAL RECIPIENT INFORMATION

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
1. PR Organization Information		
<p>Create New Organization Information²²²</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p>Template:</p> <ul style="list-style-type: none"> - Organization Information Form²²³ EN ES FR 	<p>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</p>	<p>Submitted by: PR submits Organization Information Form and required supporting documents to the Country Team through email</p> <p>Reviewed by:</p> <ul style="list-style-type: none"> - Fund Portfolio Analyst/Assistant (FPA)²²⁴ or Program Officer (PO) reviews data quality and enters GED in GOS Grant Creation module - Prior to creation, FPA or PO may request LFA review, if needed - Legal Counsel reviews PR’s official name and capacity to enter into legal relationships (e.g. Grant Agreements) based on Organization Information Form <p>Validated by: Financial Services Team performs duplicate check, reviews data quality and validates based on above</p>
<p>Update Organization Information²²⁵</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p>Template:</p> <ul style="list-style-type: none"> - Organization Information Form²²⁶ EN ES FR 	<p>Immediately when changes have been identified</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - <i>Regular PR:</i> Contact with Access Rights enters updates and supporting documents via Partner Portal (GED module) - <i>Global PR:</i> Headquarters (HQ) or Country Office (CO) Contact with 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. <p><u><i>Changes in Organization Name</i></u></p> <p>Reviewed by:</p> <p><i>Regular PR:</i></p> <ul style="list-style-type: none"> - FPA^{*227} or PO reviews data quality

²²² Also applicable to Lead Implementers (if relevant). The process for Regular PRs is followed.

²²³ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²²⁴ In this document, “FPA” refers to FPA for any portfolio while “FPA*” refers to FPA for Focused Portfolios.

²²⁵ Also applicable to Lead Implementers (if relevant). The process for Regular PRs is followed.

²²⁶ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²²⁷ In this document, “FPA” refers to FPA for any portfolio while “FPA*” refers to FPA for Focused Portfolios.

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
		<ul style="list-style-type: none"> - Legal Counsel reviews official name of PR based on updated Organization Information Form <p><i>Global PR:</i></p> <ul style="list-style-type: none"> - PST Specialist or Associate Specialist reviews data quality - Legal Counsel reviews based on updated Organization Information Form. Legal Counsel may also request the LFA verification²²⁸ of the PR organization information. <p>Validated by: Financial Services Team reviews data quality and validates based on the above</p> <p><u><i>Other Changes to PR Organization Information:</i></u></p> <p>Reviewed and Validated by:</p> <ul style="list-style-type: none"> - <i>Regular PR:</i> FPA* or PO reviews data quality and validates based on the above - <i>Global PR:</i> PST Specialist or Associate Specialist reviews data quality and validates²²⁹ based on the above
2. PR Banking Information		
<p>Create/Update/Deactivate PR Banking Information</p> <p><i>See OPN Annex 3 (create/update) and Annex 5 (deactivate) on required supporting documents</i></p> <p>Template:</p> <ul style="list-style-type: none"> - Bank Information Form EN ES FR RU 	<p>Creation: at least 30 days before actual GAC date</p> <p>Update/Deactivation: immediately when there is a change in PR banking details</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - <i>Regular PR:</i> Contact with Access Rights submits GED and supporting document via Partner Portal (GED module) - <i>Global PR:</i> Headquarters or Country Office (CO) Contacts with 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. <p>Reviewed by:</p> <ul style="list-style-type: none"> - Finance Specialist or PST Specialist/ Associate Specialist (Focused portfolios and Global PRs) reviews data quality, as well as the authenticity of the request - LFA verifies new or updates to bank information - Financial Services Team reviews data quality <p>Validated by:</p>

²²⁸ 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.

²²⁹ 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 or FPM recommendation. PST will coordinate with relevant FPMs or FPAs accordingly. This applies to all cases where PST review and/or validation is required.

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
		<ul style="list-style-type: none"> - <i>Creation:</i> Finance Specialist or PST Specialist / Associate Specialist (Focused portfolios and Global PRs) validates based on the above and links banking details with the Purchase Order in GFS - <i>Update and deactivation:</i> Financial Services Team validates based on the above.
3. PR Contacts with Signatory Rights		
<p>Create or Update PR Contacts with Signatory Rights</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p>Template:</p> <ul style="list-style-type: none"> - PR Signatory Authority Letter²³⁰ EN ES FR 	<p>Create/update at least 30 days before actual GAC date</p> <p>Immediately update if there are changes during grant implementation</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - <i>Regular PR:</i> Contact with Access Rights enters GED including supporting documents via Partner Portal (GED module) - <i>Global PR:</i> Headquarters or Country Office Contacts with 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. <p>Reviewed by:</p> <ul style="list-style-type: none"> - <i>Regular PR:</i> FPA* or PO reviews data quality - <i>Global PR:</i> PST Specialist / Associate Specialist reviews²³¹ data quality - Legal Counsel reviews signatory authorization in accordance with PR Signatory Authority Letter. Legal Counsel may also request the LFA verification²³² of PR signatory information. <p>Validated by:</p> <ul style="list-style-type: none"> - Financial Services Team performs duplicate check, reviews data quality and validates based on the above
<p>Deactivate Contact or Reduce Contact Rights</p> <p><i>See OPN Annex 5 on required supporting documents (if applicable)</i></p>	<p>Immediately when there is a PR decision to change the signatory contact</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - <i>Regular PR:</i> Contact with Access Rights submits request to deactivate old record or update contact rights (before submission of new contact) including supporting

²³⁰ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²³¹ 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 or FPM recommendation. PST will coordinate with relevant FPMs or FPAs accordingly. This applies to all cases where PST review and/or validation is required.

²³² 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.

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
		<p>documents via Partner Portal (GED module)</p> <ul style="list-style-type: none"> - <i>Global PR</i>: Headquarters or Country Office Contact with 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. <p>Reviewed and Validated by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: FPA* or PO reviews and validates request - <i>Global PR</i>: PST Specialist / Associate Specialist reviews and validates request
4. PR Contacts with Notice Rights		
<p>Create or Update Contacts with Notice Rights²³³</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p>Template:</p> <ul style="list-style-type: none"> - PR Signatory Authority Letter²³⁴ EN ES FR 	<p>Create/update at least 30 days before actual GAC date</p> <p>Immediately update if there are changes during grant implementation</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: Contact with Access Rights enters GED including supporting documents via Partner Portal (GED module) - <i>Global PR</i>: Headquarters or Country Office Contacts with 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. <p>Reviewed by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: FPA* or PO reviews data quality - <i>Global PR</i>: PST Specialist / Associate Specialist reviews data quality <p>Validated by:</p> <ul style="list-style-type: none"> - Financial Services Team performs duplicate check, reviews data quality and validates based on the above
<p>Deactivate PR Contact or Reduce Contact Rights²³⁵</p> <p><i>See OPN Annex 5 on required supporting documents (if applicable)</i></p>	<p>Immediately when there is a PR decision to change the contact for notices</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: Contact with Access Rights submits request to deactivate old record or update contact rights (before submission of new contact) via Partner Portal (GED module) - <i>Global PR</i>: Headquarters or Country Office Contacts with Access Rights undertakes the above. HQ Contact will be able to see and

²³³ Also applicable to Lead Implementers. The process for Regular PRs is followed.

²³⁴ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²³⁵ Ibid.

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
		<p>edit both HQ and CO GED. CO Contact can only edit CO GED.</p> <p>Reviewed and Validated by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: FPA* or PO reviews and validates the request - <i>Global PR</i>: PST Specialist / Associate Specialist reviews and validates the request
5. PR Contacts with Partner Portal Access Rights (GED Module)		
<p>Create /Update PR Contacts with Partner Portal Access Rights²³⁶</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p>Template:</p> <ul style="list-style-type: none"> - Global Fund Portal Access Rights template²³⁷ EN ES FR 	<p>Create/update at least 30 days before actual GAC date</p> <p>Immediately update if there are changes during grant implementation</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: Contact with Access Rights enters GED including supporting documents via Partner Portal (GED module) - <i>Global PR</i>: Headquarters or Country Office Contacts with 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. <p>Reviewed and Validated by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: FPA* or PO reviews data quality and validates - <i>Global PR</i>: PST Specialist / Associate Specialist reviews data quality and validates
<p>Deactivate PR Contact or Reduce Contact rights²³⁸</p> <p><i>See OPN Annex 5 on required supporting documents (if applicable)</i></p>	<p>Immediately when there is a PR decision to change the contact with Partner Portal access</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: Contact with 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) - <i>Global PR</i>: Headquarters or Country Office Contacts with 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. <p>Reviewed and Approved by:</p> <ul style="list-style-type: none"> - <i>Regular PR</i>: FPA* or PO reviews and validates the request

²³⁶ Ibid.

²³⁷ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²³⁸ Ibid.

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
		- <i>Global PR</i> : PST Specialist / Associate Specialist reviews and validates the request

SECTION B: COORDINATING MECHANISM

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
1. CM Organization Information		
<p>Create CM Organization Information</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p><u>Template:</u></p> <ul style="list-style-type: none"> - Organization Information Form²³⁹ EN ES FR 	<p>During Funding Request Stage</p>	<p>Submitted by:</p> <ul style="list-style-type: none"> - 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. <p>Reviewed by: FPA or PO reviews data and enters data in GOS GED Module based on documents from CM and Access to Funding</p> <p>Validated by: CCM Hub reviews data quality and validates the request</p>
<p>Update CM Organization Information</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p><u>Template:</u></p> <ul style="list-style-type: none"> - Organization Information Form²⁴⁰ EN ES FR 	<p>Immediately when changes have been defined</p> <p>Updates during grant making and grant implementation</p>	<p>Submitted by: CM Contact with Access Rights (CM Administrative focal point) enters updates in Partner Portal (GED module) including supporting documents</p> <p>Reviewed by: FPA* or PO reviews data quality</p> <p>Validated by: CCM Hub reviews data quality and validates based on the above</p>
2. CM Contact with Signatory Rights		
<p>Create or Update CM Contact with Signatory Rights</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p>Templates:</p> <ul style="list-style-type: none"> • Signatory Authority Template for 	<p>Create/update at least 30 days before actual GAC date</p> <p>Updates during grant implementation</p>	<p>Submitted by: CM Contact with Access Rights (CM Administrative focal point) enters GED and supporting documents via Partner Portal (GED module)</p> <p>Reviewed by: FPA* or PO reviews data quality</p> <p>Validated by:</p> <ul style="list-style-type: none"> - FPA* or PO validates updates to existing signatories without critical fields²⁴¹ being edited

²³⁹ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²⁴⁰ Ibid.

²⁴¹ First name, Last name, Role, Recipient Status

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
<ul style="list-style-type: none"> CCM that is a legal entity Signatory Authority Template for CCM that is not a legal entity. Signatory Authority Template for CCM that is not a legal entity (UNDP as CCM Funding Recipient) 		<ul style="list-style-type: none"> - CCM Hub reviews data quality and validates creation of new signatories or updates to existing signatories with critical fields being edited
Deactivate Contact or Reduce Contact Rights <i>See OPN Annex 5 on required supporting documents (if applicable)</i>	When CM Chair, Vice-Chair or Civil Society representative changes	Submitted by: <ul style="list-style-type: none"> - 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) Reviewed and Validated by: <ul style="list-style-type: none"> - FPA* or PO reviews and validates deactivation of contacts except for Admin Focal Points - CCM Hub reviews and validates deactivation of Admin Focal Point contacts
3. CM Contact with Partner Portal Access Rights (GED Module)		
Create or Update CM Contacts with Partner Portal Access Rights <i>See OPN Annex 3 on required supporting documents</i> Template: <ul style="list-style-type: none"> - Global Fund Portal Access Rights template²⁴² EN ES FR 	Create/update at least 30 days before actual GAC date Immediately update if there are changes during grant implementation	Submitted by: CM Contact with Access Rights (CM Administrative focal point) enters GED and supporting documents via Partner Portal (GED module) Reviewed by: FPA* or PO reviews data quality Validated by: CCM Hub reviews data quality and validates based on the above
Deactivate Contact or Reduce Contact rights	Immediately when there is a CM decision to change	Submitted by: CM Contact with Access Rights (CM Administrative focal point) submits request to deactivate old record or update contact rights

²⁴² Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

OUTPUTS	TIMELINE	SUBMISSION, REVIEW AND VALIDATION
<i>See OPN Annex 5 on required supporting documents (if applicable)</i>	the contact with Partner Portal access	(before submission of new contact) via Partner Portal (GED module) Reviewed and Validated by: - All Contacts (Except Admin Focal Point): FPA* or PO reviews and validates the request - Admin Focal Point Contacts: CCM Hub reviews and validates the request



SECTION C: LOCAL FUND AGENT

OUTPUTS	TIMELINES	SUBMISSION, REVIEW AND VALIDATION
1. LFA Organization Information		
<p>Create new LFA Organization Information</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p><u>Template:</u></p> <ul style="list-style-type: none"> - Organization Information Form²⁴³ EN ES FR 	<p>Immediately when the appointment letter for a new LFA organization has been signed by all parties.</p>	<p>Submitted by: LFA submits Organization Information Form and supporting documents to LFA Coordination Team through email</p> <p>Reviewed by: Assigned LFA Coordination Team member reviews data quality and creates record in GOS GED module</p> <p>Validated by: Assigned LFA Coordination Team member reviews data quality and validates based on the above</p>
<p>Update LFA Organization Information</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p><u>Template:</u></p> <ul style="list-style-type: none"> - Organization Information Form²⁴⁴ EN ES FR 	<p>Immediately when changes have been defined</p>	<p>Submitted by: LFA Contact with Access Rights enters updates in Partner Portal (GED module) including supporting documents</p> <p>Reviewed by:</p> <ul style="list-style-type: none"> - 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 <p>Validated by: Assigned LFA Coordination Team member reviews data quality and validates based on the above</p>
2. LFA Contact with Signatory Rights		
<p>Create or Update LFA Contact with Signatory Rights</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p><u>Template:</u></p> <ul style="list-style-type: none"> - Local Fund Agent Signatory Template 	<p>Create/update at least 30 days before actual GAC date</p> <p>Updates during grant implementation</p>	<p>Submitted by: LFA Contact with Access Rights enters information in Partner Portal (GED module) including supporting documents</p> <p>Reviewed by: Assigned LFA Coordination Team member reviews data quality</p> <p>Validated by: Assigned LFA Coordination Team member validates based on the above</p>
<p>Deactivate Contact or Reduce Contact rights</p>	<p>When there is a decision by LFA to change signatory contacts</p>	<p>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)</p>

²⁴³ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

²⁴⁴ Ibid.

OUTPUTS	TIMELINES	SUBMISSION, REVIEW AND VALIDATION
<i>See OPN Annex 5 on required supporting documents (if applicable)</i>		Reviewed and Validated by: Assigned LFA Coordination Team member reviews and validates the request
3. LFA Contact with Notice Rights		
<p>Create or Update LFA Contact with Notice Rights</p> <p><i>See OPN Annex 3 on required supporting documents</i></p>	<p>Create/update at least 30 days before actual GAC date</p> <p>Updates during grant implementation</p>	<p>Submitted by: LFA Contact with Access Rights enters information in Partner Portal (GED module) including supporting documents</p> <p>Reviewed by: Assigned LFA Coordination Team member reviews data quality</p> <p>Validated by: Assigned LFA Coordination Team member validates based on the above</p>
<p>Deactivate Contact or Reduce Contact rights</p> <p><i>See OPN Annex 5 on required supporting documents (if applicable)</i></p>	<p>When there is a decision by LFA to change signatory contacts</p>	<p>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) including supporting documents</p> <p>Reviewed and validated by: Assigned LFA Coordination Team member reviews and validates the request</p>
4. LFA Contacts with Partner Portal Access Rights (GED Module)		
<p>Create/Update LFA Contacts with Partner Portal Access Rights</p> <p><i>See OPN Annex 3 on required supporting documents</i></p> <p>Template: - Global Fund Portal Access Rights template²⁴⁵ EN ES FR</p>	<p>Create/update at least 30 days before actual GAC date</p> <p>Immediately update if there are changes during grant implementation</p>	<p>Submitted by: LFA Contact with Access Rights enters changes via Partner Portal (GED module) including supporting documents</p> <p>Reviewed by: Assigned LFA Coordination Team member reviews data quality</p> <p>Validated by: Assigned LFA Coordination Team member validates based on the above</p>
<p>Deactivate LFA Contact or Reduce contact rights</p> <p><i>See OPN Annex 5 on required supporting documents (if applicable)</i></p>	<p>Immediately when there is a LFA decision to change the contact with Partner Portal access</p>	<p>Submitted by: LFA Contact with Access Rights requests to deactivate old record or update rights (before submission of new contacts) via Partner Portal (GED module)</p> <p>Reviewed and Validated by: Assigned LFA Coordination Team member reviews and validates the request</p>

²⁴⁵ Spanish and French versions are courtesy translations only. External stakeholders should complete and submit the English version of this template.

SECTION D: THIRD PARTY INFORMATION

OUTPUTS	TIMELINES	SUBMISSION, REVIEW AND VALIDATION
1. Third Party Organization Information		
<p>Create New Third Party Organization Information</p> <p><i>See OPN Annex 3 on required supporting documents</i></p>	<p>As soon as contractual obligation has been identified for disbursement to be made on behalf of the PR</p>	<p>Submitted by: Third Party submits required information to the Country Team via email</p> <p>Reviewed By: Country Team reviews data quality and creates ServiceNow ticket including required documents provided by Third Party</p> <p>Validated by: Financial Services Team reviews data quality, performs duplicate check and creates GED in GFS based on the above</p>
<p>Update Third Party Organization Information</p> <p><i>See OPN Annex 3 on required supporting documents</i></p>	<p>Immediately when changes have been identified</p>	<p>Submitted by: Third Party submits required information to the Country Team via email</p> <p>Reviewed by: Country Team reviews data quality and creates ServiceNow ticket including supporting documents provided by Third Party</p> <p>Validated by: Financial Services Team reviews data quality, performs duplicate check and updates GED in GFS based on the above</p>
2. Third Party Banking Information		
<p>Create/Update/Deactivate Third Party Banking Information</p> <p><i>See OPN Annex 3 (create/update) and Annex 5 (deactivate) on required supporting documents</i></p>	<p>Create at the time of creation of the Third Party</p> <p>Update/Deactivate immediately when there is a change in Third Party bank account</p>	<p>Submitted by: Third Party submits required information to the Country Team via email</p> <p>Reviewed by:</p> <ul style="list-style-type: none"> - 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. <p>Validated by:</p> <ul style="list-style-type: none"> - 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 GFS based on above - Offline Approval by Financial Services Manager (for updates only)

OUTPUTS	TIMELINES	SUBMISSION, REVIEW AND VALIDATION
3. Third Party Relationship with PR		
Link existing Third Party with PR	Linking to be requested once contractual obligation has been identified for disbursement to be made on behalf of the PR	<p>Submitted by: Third Party Submit required information to the Country Team via email</p> <p>Reviewed by: Country Team reviews data quality and creates ServiceNow ticket including required documents provided by Third Party</p> <p>Validated by:</p> <ul style="list-style-type: none"> - Financial Services Team Banking (FST-Banking) reviews data quality - Financial Services Team create in GFS based on above

SECTION E. 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 Program Finance and Controlling, 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)

Version No.	Approved by	Change Description	Date
1.0	EGMC	Original version	11 November 2020
1.1	Head, GPS and Head, Program Finance	<ul style="list-style-type: none"> • 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

SECTION 2: GRANT IMPLEMENTATION

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.

ANNUAL FUNDING DECISIONS AND DISBURSEMENTS

Approved on: 11 August 2021
Approved by: Executive Grant Management Committee
Process Owner: Grant Portfolio Solutions and Support Department

Process Metrics for Annual Funding Decisions and Disbursements

PRs and Country Teams are expected to meet the following key performance indicators:

- 85% budget utilization of the first year of implementation, reported at end-June/end-December²⁴⁶;
- 94% budget utilization, reported in end-June/end-December¹; and
- 90% disbursement utilization, reported in end-March/end-September;
- AFD Notification Letter sent by CT within 15 days²⁴⁷ 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 Funds²⁴⁸ appropriately and take action to ensure grants continue to achieve maximum impact²⁴⁹. 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 implementation²⁵⁰ (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;
 - 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.

²⁴⁶ Budget utilization is reported annually for Focused portfolios.

²⁴⁷ All references to “days” in the document shall mean calendar days, unless otherwise stated.

²⁴⁸ 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).

²⁴⁹ The review of the grant service delivery and PR operational management and assigning a performance rating is part of Implementation Oversight. This will be covered in detail in the forthcoming *OPN on Implementation Oversight*.

²⁵⁰ The amount committed under the AFD does not include centralized commitments and disbursements.

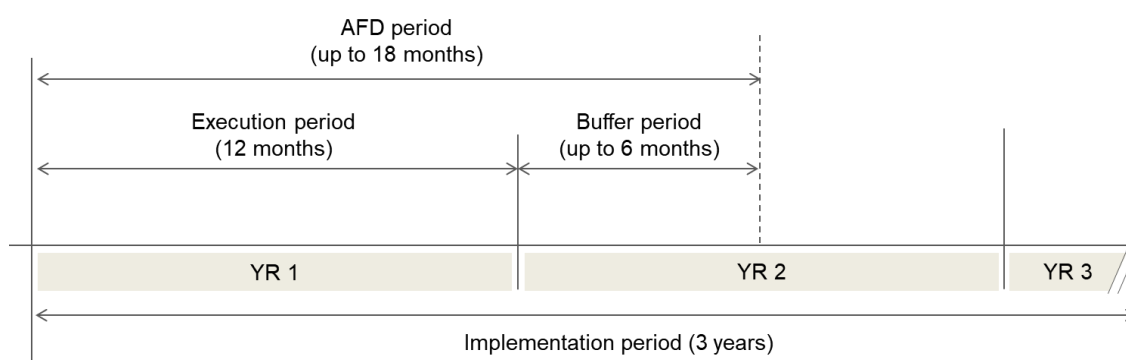
Decide on Annual Funding	Disburse Funds
Determine AFD Amount and Disbursement Schedule	Review Disbursement Schedule
Review Risks and Associated Mitigating Actions	Approve Disbursement
Approve AFD	Communicate Disbursement
Communicate AFD	

OPERATIONAL POLICY

A. DECIDE ON ANNUAL FUNDING

- The AFD is the process of determining and setting aside (i.e. committing) Grant Funds to finance a specified 12-month period (execution period)²⁵¹ plus a period of up to 6 months (buffer period)²⁵². 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 in accordance with the relevant Grant Agreement (see fig. 1).

Figure 1. AFD Period.



- Align AFDs.** The AFD and disbursement schedule aligns with the progress reporting period²⁵³ 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 1st AFD is lengthened or shortened to ensure such alignment²⁵⁴.

²⁵¹ In some cases, an execution period may be six months in high-risk environments. The same policies and processes apply except where indicated otherwise.

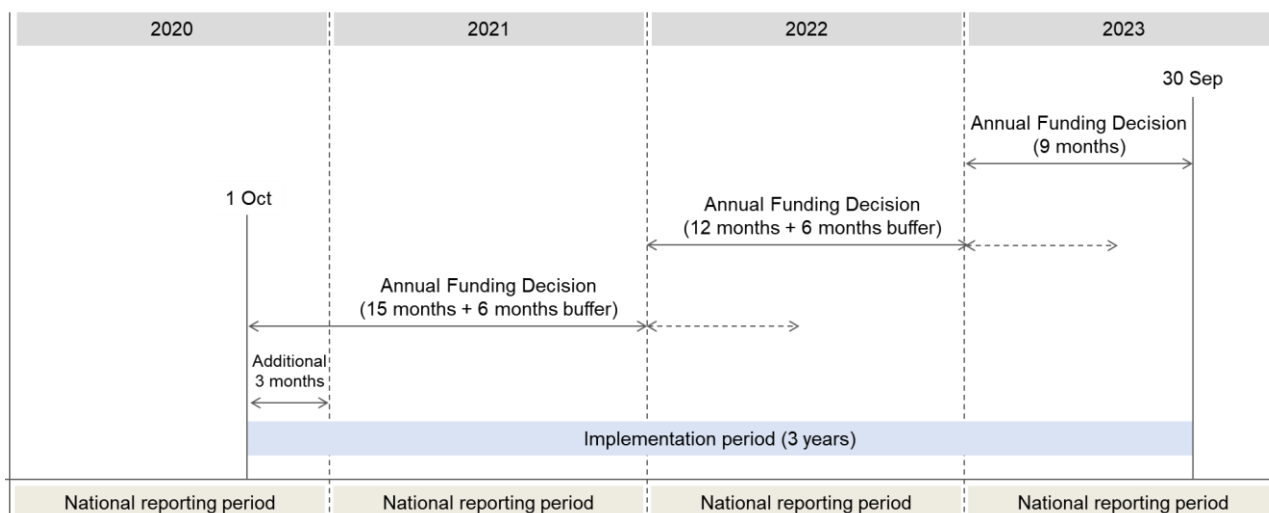
²⁵² The Country Team determines whether the buffer period is 3 months or 6 months, as required.

²⁵³ 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.

²⁵⁴ This is exceptionally permitted for the 1st AFD, since the execution period can only be up to 12 months.

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 1st AFD covers 15 months (plus a buffer). The 3rd AFD will cover a period of 9 months up to 30 September, since the Implementation Period is typically 3 years.

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



6. All commitments to the grant are processed through the AFD except commitments for centralized payments to third parties for: (i) the procurement of health products through the Pooled Procurement Mechanism (PPM), (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:
 - **1st 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 1st 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 1st AFD, the relevant signatory authority stipulated in the “Approve AFD section” will be invoked.

The 1st AFD does not consider grant or PR performance; however, it does consider any 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)²⁵⁵ 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)²⁵⁶.

A Final Payment Letter²⁵⁷ is signed with the PR 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 decision²⁵⁸.

A1. 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:

- **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.

For grants signed under the 2020-2022 funding cycle and beyond, the Global Fund uses an annual **Performance Rating Methodology** to determine the grant performance (resulting from the programmatic and financial performance of the grant), and a PR performance (resulting from an analysis of the PR's implementation, financial, procurement and supply chain, and grant and risk management). Please refer to the *OPN on Implementation Oversight* (forthcoming) for a full description of the Performance Rating Methodology and how it informs the AFD.²⁵⁹

²⁵⁵ See [Guidelines on Progress Update and Disbursement Request](#).

²⁵⁶ 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*).

²⁵⁷ The Final Payment Letter 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.

²⁵⁸ Strong justification is required for any supplementary funding decisions submitted within 6 months from the initial AFD and more than 75% of the AFD amount.

²⁵⁹ The roll out of the of the annual performance rating is part of the Implementation Oversight launch. The annual performance rating will be piloted for the programmatic rating and financial rating to report on their first year of

For grants signed under the 2017-2019 funding cycle and before, the Global Fund uses a **Grant Rating Methodology** to determine the grant performance, which can be found in Annex 1 of the *Operational Procedures on Annual Funding Decisions and Disbursements*.

- **PR Cash Expenditure Forecast²⁶⁰**. 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 periods²⁶¹. This forecast calculation is based on:
 - i. **In-country cash balance and advances**. Any available²⁶², 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 period²⁶³, e.g. non-compliance with co-financing commitments and documented decision to reduce funds (see *OPN on Co-financing*).
11. **Create a disbursement schedule**. The disbursement schedule is established by the Country Team as an integral part of the AFD process, based on the forecasted cash requirements for the execution and buffer periods covered by the AFD and the grant risk profile.

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

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

- i. There is a cumulative grant in-country absorption of 85% ;

implementation under the 2020-2022 funding cycle. The PR rating will be piloted in 2022. Detailed communication will be sent to Country Teams in this regard.

²⁶⁰ In the PU/DR.

²⁶¹ The calculation of the AFD amount does not include PPM/Wambo.

²⁶² 'Available funds' is the cash balance minus any financial commitments and/or financial obligations.

²⁶³ Financial Services reduces the grant's Purchase Order amount in the Global Fund Financial System (GFS) prior to initiating the AFD.

- ii. There is a timely submission of an unqualified²⁶⁴ audit report for the past year;
- iii. The latest PR reporting²⁶⁵ is submitted with no more than 30 days delay; and
- iv. The IRM rating is low and has not deteriorated in the last reporting period.

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

Focused portfolios. For Focused portfolios, 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 as part of the 1st AFD: once during the year 1 and once during quarter one of year 2.

For the second and third year of implementation, for PRs with good programmatic and financial performance, the Country Team can disburse the annual budget amount based on the annual approved budget or the PR forecast²⁶⁶ (if lower than the annual budget), if the PR meets the following four conditions:

- i. There is a cumulative grant in-country absorption of 85% ;
- ii. There is a timely submission of an unqualified²⁶⁷ audit report for the past year;
- iii. The latest PR reporting²⁶⁸ is submitted with no more than 30 days delay; and
- iv. The IRM rating is low, and has not deteriorated in the last reporting period

If one or more of the above conditions is not met, the Country Team will prepare the AFD based on an agreed forecast and disburse on a semi-annual basis, which requires a review by the PST Specialist.

12. Undisbursed Funds²⁶⁹ 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 currencies²⁷⁰. 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 deem²⁷¹ multiple currencies more advantageous.

²⁶⁴ The report is accurate and complete.

²⁶⁵ When referencing multiple reports, the Finance Specialist assesses the condition of each.

²⁶⁶ Forecasts for Focused portfolios are based on the approved budget and the AFDs and updated as and when the PST receive information on absorption through the PU/DR.

²⁶⁷ The report is accurate and complete.

²⁶⁸ When referencing multiple reports, the Finance Specialist assesses the condition of each.

²⁶⁹ Grant Funds that have been committed to an AFD but not yet disbursed to the designated bank account of the PR or third party.

²⁷⁰ 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.

²⁷¹ Agreed between the Country Team, Grant Financial Management and Treasury.

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 Section 3.7 (*Mandatory Direct Payments*) 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 Green Light Committee (for the payment of the cost-sharing element pursuant to the MoU with the Green Light Committee); and
 - vii. SRs, in cases where SRs are acting as procurement agents, SRs in Additional Safeguard Policy countries or in countries where the political and/or the financial context does not enable the PR to disburse to the SR, and SRs that are in different geographical locations²⁷² 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 third parties receiving direct disbursements from the Global Fund must be registered through the Grant Entity Data (GED) process by raising a ServiceNow ticket. Please refer to Annex 3 of the *OPN on GED and its Operational Procedures* for more detailed information.
17. Issues regarding the AFD amount or disbursement schedule that cannot be resolved at the Country Team level are escalated in accordance with the process outlined in the *Guidance on Country Team Approach*.

A2. Review Risks and Associated Mitigating Actions

18. 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 level²⁷³. The Country Team ensures that new or amended mitigating actions are appropriate to safeguard funds being disbursed, and are appropriately funded.
19. 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

²⁷² For example, for multi-country grants where the PR and SRs are located in different countries.

²⁷³ This includes the review of management issues to assess whether any need to be changed to a (Key) Mitigating Action.

Country Team selects relevant grant risks and Key Mitigating Actions (KMAs) relevant to the AFD Period²⁷⁴.

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 hours²⁷⁵. 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 FPM for revision based on Risk’s feedback. If the issue cannot be resolved, it is escalated to the next management level in accordance with the process outlined in the *Guidance on Country Team Approach*.

Focused portfolios. Fund Portfolio Managers (FPMs) managing Focused portfolios are required to include any agreed issues identified during the PU/DR review into the annual funding decision-making process²⁷⁶. The Portfolio Services Team (PST), supporting financial analysis for Focused portfolios, follows a standardized methodology to determine a grant’s financial risk ratings for the six risks within the Finance and Fiduciary Risk Category and any mitigating actions from the review of the external audit report and/or PUDR.

A3. Approve AFD

20. The approval authority depends on the recommended AFD amount and whether the AFD involves exceptions to the standard process.

AFD Approval Limits²⁷⁷

Funding Decision Approval Limits					
Approval Level	Approver	Zero AFD*	Up to (and including) US\$ 20M	Above US\$ 20M and up to (and including) US\$ 40M	Above US\$ 40M
Team	Fund Portfolio Manager	Approval	Recommendation	Recommendation	Recommendation
	Finance Specialist	Approval	Recommendation	Recommendation	Recommendation
	Regional Manager**		Approval	Validation	Validation
	Grant Finance Manager		Approval	Approval	Approval
Department	Head of Department, GMD			Approval	Validation
Division	Head of Division, GMD				Approval

* No additional funding committed.

** Regional Department Head for grants in High Impact Departments.

²⁷⁴ 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.

²⁷⁵ 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.

²⁷⁶ At the end of the review of the grant and PR Performance, the Country Team agreed upon issues to take forward. This is done by adding the issues that have been flagged by the LFA in the Findings and Recommendations section of the PU/DR, to the IRM Module in GOS. For more information, please refer to the *OPN on Implementation Oversight* (forthcoming).

²⁷⁷ When processing a supplementary funding decision, the amount to determine the approval threshold is based on the undisbursed amount + the supplementary amount (and not the incremental amount of the AFD + supplementary amount).

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

Approval Level	Approver Role	Decommitment [†]	AFD/Disbursement
Treasury & Financial Transactions Department	Analyst, Financial Services	Compliance verification	Compliance verification
	Manager, Financial Services	Compliance review & approval	Compliance review & approval ²⁷⁸

[†] Decommitments and transfers between periods and grants. This is not related to funding decision transactions.

22. The AFD is approved through an approval workflow²⁷⁹, whereby the approver reviews, recommends, validates and/or approves the AFD. The first disbursement is automatically approved with the approval of the AFD.

A4. Communicate AFD

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

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

B. DISBURSE FUNDS

B1. Review Disbursement Schedule

25. 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.

26. **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.

27. 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 absorption²⁸⁰;

²⁷⁸ This includes the Batch Release Approval for execution of the transaction by the Treasury and banking institution.

²⁷⁹ Physical signature permitted when electronic approval not possible.

²⁸⁰ 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.

- iii. Increased cash needs due to accelerated implementation; or
- iv. Non-compliance of previous co-financing commitments²⁸¹.

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

B2. Approve Disbursement

29. The FPM 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 workflow²⁸².

High Impact and Core portfolios. FPMs 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 Defined Exceptions section of this OPN).

30. 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).

B3. Communicate Disbursement

- 31. A **Disbursement Notification Letter** is sent to the PR and/or third party to inform them of a disbursement made.
- 32. The Country Team provides additional²⁸³ contextual information to the PR if the relevant disbursement amount differs from what was originally approved in the AFD.

SPECIFIC MULTI-COUNTRY CONSIDERATIONS

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

MANAGEMENT OF EXCEPTIONS (FOR INTERNAL USE ONLY)

34. The standard approach to AFD and disbursements is outlined above. Exceptions to this are defined below and categorized from level 1 to level 2, with the corresponding approval authority.

²⁸¹ A proportionate withholding of disbursements may occur as a consequence of non-compliance of previous co-financing commitments. Please refer to the *OPN on Co-financing* for more information.

²⁸² Physical signature permitted when electronic approval not possible.

²⁸³ The CT can only provide additional text to the system-proposed text.

35. Any exceptions must be well documented and strongly justified and require the authorization of the relevant approval authority as defined below. Exceptions to operational policies outside of those addressed in this OPN must be approved by the Executive Grant Management Committee (EGMC).

36. Processing exceptions might cause delays in completing the AFD and/or disbursement processes. Accordingly, CTs should factor in any required extra time.

Defined Exceptions²⁸⁴:

37. The approval authority for managing exceptions will follow the regular approval limit outlined in *Approve AFD section* above, in addition to the following approvers:

For Funding Decisions:

Exception Level	Exception	Approver
Level 1	<p>AFD/Supplementary:</p> <ul style="list-style-type: none"> • AFD covers a period of longer than 18 months with prior approval of aligned AUPs by the GAC. • Supplementary funding decision to be processed more than 18 months after the start of the AFD Period. • A supplementary funding decision is being submitted within 6 months from the associated AFD and is more than 75% of the AFD amount. • Latest PU/DR was not received and/or the disbursement requirement was not met²⁸⁵. • Cumulative recoverable amount represents the lower of 1% of the total funds disbursed or US\$200K for a specific grant. • The Secretariat is aware and/or has been informed by the OIG or other sources of ongoing investigations of the PR/ implementer. • Critical issues raised by the LFA and/or other assurance providers and validated by the Country Team. 	<p>Up to (and including) US\$ 20 million:</p> <ul style="list-style-type: none"> • Grant Finance Manager <p>and</p> <ul style="list-style-type: none"> • Head of Department, Grant Management <p>Above US\$ 20 million:</p> <ul style="list-style-type: none"> • Head of Division, Grant Management

²⁸⁴ Exceptions that were approved at AFD stage are not required to be repeated at the disbursement stage. However, exceptions must be examined as part of the disbursement process in the event that a new risk or situation occurs since the AFD was approved.

²⁸⁵ The report was incomplete or inaccurate information was reported, etc.

	<ul style="list-style-type: none"> • Audit report not received or received with a qualified opinion or major disclaimers and issues. • Proposed disbursement covers more than 1 quarter of forecasted activities. • The Grant Agreement has reached the Implementation Period end-date plus the 6 months closure period to liquidate financial liabilities. 	
	<p>Disbursement:</p> <ul style="list-style-type: none"> • Disbursement more than 21 months after the start of the AFD period • The disbursement is to a third party not listed in this OPN. • Disburse buffer before the end of the execution period. <p><i>Note: In cases where the execution and buffer period is within 12 months, the exception is not applicable and regular approval authority applies.</i></p>	<ul style="list-style-type: none"> • Regional Manager /Department Head²⁸⁶ and • Grant Finance Manager
Level 2	<p>Annual/ Supplementary Funding Decision and Disbursement:</p> <ul style="list-style-type: none"> • The Inspector General has either: <ul style="list-style-type: none"> - informed the Secretariat in writing of a “determination that there is credible and substantive evidence of fraud, abuse, misappropriation or corruption” relating to the grant in question; or - issued a Letter of Finding relating to the grant in question (whichever is earlier). • The Secretariat has been informed of “credible and substantive evidence of fraud, abuse, misappropriation or corruption” relating to the grant in question from non-OIG sources. • Emergency disbursement to be released before the week’s payment run²⁸⁷. 	<ul style="list-style-type: none"> • Grant Finance Manager (in consultation with the Head of Grant Financial Management and the Chief Finance Officer, as appropriate) and • Head of Division, Grant Management and • Executive Director approval is required in cases where there is an OIG-confirmed misuse of funds²⁸⁸.

²⁸⁶ For High Impact Departments.

²⁸⁷ Requested through the Emergency Payment Form.

²⁸⁸ This requires the CT preparing a memo to be sent to the Executive Director through the Regional Manager or Department Head (for High Impact Departments) and GMD Head, requesting approval for the AFD/disbursement.

CHANGE HISTORY:

No.	Approved By	Change Description	Date	Version No
1.	EGMC	<ul style="list-style-type: none"> • Clarified rules that buffer cannot be release 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	<ul style="list-style-type: none"> • 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
3.	EGMC	Complete revision of the OPN to align with the Operational Policy Framework and relevant policy/system updates.	11 August 2021	3

ANNUAL FUNDING DECISIONS AND DISBURSEMENTS

Approved on: 11 August 2021
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-December²⁸⁹;
- 94% budget utilization, reported in end-June/end-December¹;
- 90% disbursement utilization, reported in end-March/end-September;
- AFD Notification Letter sent by CT within 15 days²⁹⁰ of AFD approval; and
- Disbursement Notification Letter sent by CT within 15 days of release of the disbursement.

Key Operational Policies:

- OPN on Annual Funding Decisions and Disbursements
- OPN Implementation Oversight (*forthcoming*)
- Operational Procedures Implementation Oversight (*forthcoming*)
- [Guidelines on Implementers of Global Fund Grants](#)
- [Guidelines on Progress Update and Disbursement Request](#)

PURPOSE

9. 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.

²⁸⁹ Budget utilization is reported annually for Focused portfolios.

²⁹⁰ All references to “days” in this document shall mean calendar days, unless otherwise stated.

10. The key steps in the AFD and disbursement processes are outlined in the following diagram:

Decide on Annual Funding	Disburse Funds
Determine AFD Amount and Disbursement Schedule	Review Disbursement Schedule
Review Risks and Associated Mitigating Actions	Approve Disbursement
Approve AFD	Communicate Disbursement
Communicate AFD	

A. DECIDE ON ANNUAL FUNDING

1. Determine Funding Amount and Disbursement Schedule		
Outputs	Timeline	Review and Approval
<i>1st Annual Funding Decision</i>		
<p>1st ADMF capturing:</p> <ul style="list-style-type: none"> - recommended AFD amount²⁹¹; - disbursement schedule including payees²⁹² and transaction currency²⁹³; - rationale and summary of the intended use of the recommended AFD amount. <p>The 1st AFD amount is based on the approved grant budget.</p>	After grant signature	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>Reviewed by: Finance Specialist or PST Specialist (Focused) ensures AFD aligns with approved budget and any changes to payment modalities after grant-making have been accounted for.</p>

²⁹¹ 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.

²⁹² 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 (GLC), through Financial Services.

²⁹³ 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		
Outputs	Timeline	Review and Approval
<i>2nd and 3rd Annual Funding Decision</i>		
<p>2nd and 3rd ADMF capturing</p> <ul style="list-style-type: none"> - recommended AFD amount²⁹⁴; - disbursement schedule including payees and transaction currency; - rationale and the summary of the intended use of funds provided. <p>As a starting point, the CT uses the amounts proposed by the PR or LFA in the latest PU/DR, and then makes any necessary adjustments based on its assessment (see OPN for considerations to determine AFD amount).</p>	<p>Ideally completed immediately after PU/DR review, unless there are other factors to consider</p>	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>Reviewed by: Finance Specialist or PST Specialist (Focused) to ensure:</p> <ul style="list-style-type: none"> - LFA-recommended 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.
<i>Supplementary Funding Decision</i>		
<p>Supplementary ADMF capturing:</p> <ul style="list-style-type: none"> - Recommended supplementary AFD amount - Disbursement schedule - Rationale and the summary of the intended use of funds provided <p>The supplementary funding decision is based on the forecasted need.</p>	<p>As needed</p>	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>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.</p>

2. Review Risks and Associated Mitigating Actions (only applicable when approving a for 2 nd and 3 rd AFD and supplementary funding decision)		
Outputs	Timeline	Review and Approval
<p>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 decision²⁹⁵</p> <p>If there are any adjustments to be made, this is done in the IRM module prior to finalizing the AFD process.</p>	<p>Following CT review of the PU/DR</p>	<p>Prepared by: PO or FPM (Focused) with inputs from CT members</p>

²⁹⁴ 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.

²⁹⁵ 1st AFDs that are processed more than 30 days after the approval of the Purchase Order are also reviewed by Risk.

3. Approve AFD		
Outputs	Timeline	Review and Approval
<p>Exceptions selected and justification provided in the Controls and Approvals process in the system</p> <p>The system automatically selects certain exceptions based on the inputs in previous sections of the AFD, in line with the Exceptions Section in the OPN; others require manual selection.</p>	Prior to AFD or disbursement approval	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>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.</p>
<p>Attach supporting documents</p> <ul style="list-style-type: none"> - Signed page of the PU/DR from PR - Signed page of the PU/DR from LFA - Bank details²⁹⁶ for the first PR disbursement, first SR direct disbursement and/or new third party - For third parties: contract, invoice and PR's request to pay - Draft Performance Letter (if available) - Final Payment Letter (if applicable) 	Prior to AFD or disbursement approval	Prepared by: PO or FPM/FPA (Focused)
<p>1st AFD approved, using the Approval Workflow section in the Controls and Approvals process in the system</p> <p><u>Resources:</u> <i>AFD Review Checklist for Finance</i></p>	Within 30 days of Purchase Order approval	<p>Reviewed by: FPM reviews overall completeness, quality and accuracy.</p> <p><i>If there are no exceptions, no approval is required and AFD is sent directly to Financial Services.</i></p>
	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 1 st AFD	<i>As per approvals process for 2nd and 3rd AFDs.</i>

²⁹⁶ Bank details must be submitted on bank letterhead paper.

3. Approve AFD		
Outputs	Timeline	Review and Approval
<p>2nd and 3rd AFD approved, using the Approval Workflow section within the Controls and Approvals process in the system</p> <p>Approvers are responsible for reviewing all relevant information within their area of expertise.</p> <p>Approvers can include review notes in the comments section next to their approval.</p> <p><u>Resources:</u> <i>AFD Review Checklist for Finance</i></p>	<p>Before the end of the buffer period of the previous AFD</p>	<p>Non-objection by: Risk Specialist²⁹⁷ (High Impact & Core only) ensures:</p> <ul style="list-style-type: none"> - 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. <p>Recommended by:</p> <ul style="list-style-type: none"> - FPM 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. <p>As applicable, according to Approval Limit thresholds, validated by: Regional Manager/Department Head²⁹⁸ validates the recommendation of the FPM and Finance/PST Specialist.</p> <p>Approved by: see <i>OPN on Annual Funding Decision and Disbursement</i> (Approve AFD section)</p> <p>Verified by: Analyst, Financial services carries out a final due-diligence check to ensure compliance with procedures and payee details are correct.</p> <p>Approved by: Manager, Financial Services, approves sufficient funds are available for the AFD amount.</p>

²⁹⁷ 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 in accordance with the process outlined in the *Guidance on Country Team Approach*.

²⁹⁸ In this document, Department Head refers to the Department Head for relevant High Impact Department.

3. Approve AFD		
Outputs	Timeline	Review and Approval
<p>Supplementary Funding Decision approved, using the Approval Workflow section within the Controls and Approvals process in GOS</p> <p>Approvers are responsible for reviewing all relevant information within their area of expertise.</p> <p>Approvers can include review notes in the comments section next to their approval.</p> <p><u>Resources:</u> <i>AFD Review Checklist for Finance</i></p>	<p>As needed</p>	<p>Non-objection by: Risk Specialist²⁹⁹ (High Impact & Core only) ensures risks related to key grant objectives are appropriately identified and prioritized³⁰⁰.</p> <p>Recommended by:</p> <ul style="list-style-type: none"> - FPM reviews overall completeness, quality and accuracy, and recommends supplementary amount. - Finance or PST Specialist (Focused) carries out a compliance check by reviewing the accuracy of the amounts in the Supplementary Funding Decision and disbursement schedule, and any exceptions selected, and recommends supplementary amount. <p>As applicable, according to Approval Limit thresholds, validated by: Regional Manager/Department Head validates the recommendation of the FPM and Finance/PST Specialist.</p> <p>Approved by: see <i>OPN on Annual Funding Decision and Disbursement</i> (Approve AFD section)</p> <p>Verified by: Analyst, Financial services carries out a final due-diligence check to ensure compliance with procedures and payee details are correct.</p> <p>Approved by: Manager, Financial Services, approves sufficient funds are available for the supplementary amount.</p>

²⁹⁹ 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 in accordance with the process outlined in the *Guidance on Country Team Approach*.

³⁰⁰ 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.

4. Communicate AFD		
Outputs	Timeline	Review and Approval
<p>Annual Funding Decision Notification Letter sent to the PR via GOS</p> <p>or</p> <p>Supplementary Funding Decision Notification Letter sent to the PR via GOS</p> <p>The AFD and Supplementary Funding Notification Letters are system-generated and sent via GOS.</p>	<p>Within 15 days from the approval of the AFD or of the Supplementary Funding Decision</p>	<p>Prepared by: PO or FPA (Focused)</p> <p>Reviewed by: FPM</p>
<p>Final Payment Letter signed with the PR (if applicable) via email</p> <p><u>Resources:</u> Final Payment Letter template</p>	<p>As needed for disbursements more than 6 months after IP end date</p>	<p>Prepared by: PO or FPM/FPA (Focused)</p> <p>Reviewed by:</p> <ul style="list-style-type: none"> - FPM reviews overall quality and accuracy. - Finance or PST Specialist (Focused) reviews the Final Payment Amount³⁰¹ and the justification provided. - Legal Counsel verifies the legal signatory and reviews any language on re-payment/recoveries, etc. <p>Signed by:</p> <ul style="list-style-type: none"> - PR - Regional Manager/Department Head - Grant Finance Manager

³⁰¹ Whether the Final Payment Amount can be covered by the approved Purchase Order signed amount.

B. DISBURSE FUNDS

These steps are not required for (i) the first disbursement of funds (which are automatically released with the approval of the 1st AFD, 2nd and 3rd 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 cancelled³⁰²).

1. Review Disbursement Schedule		
Outputs	Timeline	Review and Approval
<p>Scheduled disbursement modified, postponed or canceled (if applicable³⁰³)</p> <p>Disbursement must have ‘In Progress’ or ‘Under Review’ approval status to allow for rescheduling.</p>	<p>Initiated at least 10 days before scheduled disbursement</p>	<p>Prepared by: FPM/PO/FPA</p> <p>Reviewed by:</p> <ul style="list-style-type: none"> - FPM 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.
<p>Disbursement schedule is reviewed³⁰⁴ and status is changed from the ‘Planned’ status to ‘Ready for Release’ status³⁰⁵</p>	<p>Initiated at least 10 days before scheduled disbursement</p>	<p>Prepared by: PO or FPA (Focused)</p> <p>Reviewed by:</p> <ul style="list-style-type: none"> - FPM 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.

³⁰² Nevertheless, all disbursements are sent to Financial Services for their review and approval for all portfolio categories.

³⁰³ 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.

³⁰⁴ 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.

³⁰⁵ 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.

2. Approve Disbursement		
Outputs	Timeline	Review and Approval
<p>Disbursement is approved, using the Approval Workflow section within the Controls and Approvals process in the system</p> <p>Approvers are responsible for reviewing all relevant information within their area of expertise.</p> <p>Approvers can include review notes in GOS in the comments section next to their approval.</p>	<p>Initiated at least 10 days before scheduled disbursement</p>	<p>Approved by:</p> <ul style="list-style-type: none"> - FPM - Finance or PST Specialist (Focused) if applicable <p>If exceptions are selected, and according to their exception level, approved by: Regional Manager/Department Head Grant Financial Manager Treasurer (see <i>Defined Exceptions section in the OPN on Annual Funding Decision and Disbursement</i>)</p> <p>Verified by: Analyst, Financial services carries out a final due-diligence check to ensure compliance with procedures and payee details are correct.</p> <p>Approved by: Manager, Financial Services, approves sufficient funds are available for the disbursement amount.</p>

3. Communicate Disbursement		
Outputs	Timeline	Review and Approval
<p>Disbursement Notification Letter sent to PR and / or third party</p> <p>The Disbursement Notification Letter is system-generated and sent via GOS.</p>	<p>Within 15 days from the release of the disbursement</p>	<p>Prepared by: PO or FPA (Focused)</p> <p>Reviewed by: FPM</p>

ANNEX 1: GRANT PERFORMANCE RATING METHODOLOGY (FOR GRANTS SIGNED IN THE 2017-2019 FUNDING CYCLE AND BEFORE)

Seq No	Responsible	Process Description	Output
CALCULATE INDICATOR RATING			Indicator Rating
1.	Country Team	Imports data from the PUDR into GOS. *** If the grant’s quantitative indicator rating is based on Work-Plan Tracking Measures, please follow the guidance in Annex 4 on how to convert the Country Team’s evaluation of progress against the work-plan into a quantitative indicator rating. The results shall be entered into GOS.	
2.	GOS (GRT)	<p>The Grant Rating Tool (GRT) within GOS produces a <u>quantitative indicator rating</u> that is automatically extracted by the Annual Decision Making Form (ADMF). Depending on the type of indicator and target setting in the Performance Framework, the results are aggregated over the reporting periods for annual funding decision. Indicator ratings are calculated as follows:</p> <ul style="list-style-type: none"> • ‘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 are added up to calculate the indicator rating for the annual funding decision. • ‘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 are used to calculate the indicator rating for the annual funding decision. • ‘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 are used to calculate the indicator rating for the annual funding decision. <p><i>* This is to avoid cumulating targets over the entire Grant Implementation Period, which is not permissible.</i></p> <p>The calculated Indicator Rating is automatically downgraded by one rating if one indicator has less than 60% achievement. The downgrade only applies to grants with an Indicator Rating of a1 and / or a2. The final rating, however, remains the same if the Indicator Rating is b1, b2 or c, i.e. no further downgrading shall be applied in such cases.</p>	
3.	Country Team	<p>- Assesses the quality of reported data and whether the calculated quantitative indicator rating adequately reflects the programmatic performance of the grant.</p> <p>-If not, the Country Team adjusts the quantitative rating to reach the final indicator rating. Appropriate and documented justification must be included in the ADMF for any changes to the quantitative rating. Grant management and contextual factors (force majeure, political and civil issues at the country level, etc.) do not form part of the indicator rating.</p>	

Seq No	Responsible	Process Description	Output																																											
DETERMINE INDICATIVE FUNDING RANGES			Indicative Funding Range																																											
4.	Country Team	<p>Calculates the indicative annual funding range based on the indicator rating and the cumulative budget (including the period covered by funding decision). The indicative annual funding ranges are linked to indicator rating and are intended to ensure that the funding decisions are commensurate with the program performance. The indicative funding ranges for each Indicator Rating, before other factors are taken into consideration, are as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Indicator Rating</th> <th>Average Achievement (Result/Target) (%)</th> <th>Cumulative Budget Amount (including current funding request)</th> </tr> </thead> <tbody> <tr> <td>a1</td> <td>Exceeding expectations</td> <td>>100%</td> <td rowspan="2">Between 90-100% of Cumulative Budget through the next reporting period</td> </tr> <tr> <td>a2</td> <td>Meet expectations</td> <td>100-90%</td> </tr> <tr> <td>b1</td> <td>Adequate</td> <td>60-89%</td> <td>Between 60-89% of Cumulative Budget through the next reporting period</td> </tr> <tr> <td>b2</td> <td>Inadequate but potential demonstrated</td> <td>30-59%</td> <td>Between 30-59% of Cumulative Budget through the next reporting period</td> </tr> <tr> <td>c</td> <td>Unacceptable</td> <td><30%</td> <td>To be discussed individually</td> </tr> </tbody> </table> <p>Funding ranges are only indicative; they serve as a 'starting point' for the Country Team in determining the annual funding amount. There are many valid reasons for disbursing outside the indicative ranges and these are documented in the ADMF.</p> <table border="1"> <thead> <tr> <th>Indicator Rating</th> <th>Cumulative Budget</th> <th colspan="2">Indicative Funding Range</th> </tr> <tr> <td></td> <td></td> <th>In %</th> <th>In US\$</th> </tr> </thead> <tbody> <tr> <td>b2</td> <td>\$16,743,641</td> <td>30-59%</td> <td>\$5,023,092</td> </tr> <tr> <td></td> <td></td> <td></td> <td>-</td> </tr> <tr> <td></td> <td></td> <td></td> <td>\$9,878,748</td> </tr> </tbody> </table>	Indicator Rating		Average Achievement (Result/Target) (%)	Cumulative Budget Amount (including current funding request)	a1	Exceeding expectations	>100%	Between 90-100% of Cumulative Budget through the next reporting period	a2	Meet expectations	100-90%	b1	Adequate	60-89%	Between 60-89% of Cumulative Budget through the next reporting period	b2	Inadequate but potential demonstrated	30-59%	Between 30-59% of Cumulative Budget through the next reporting period	c	Unacceptable	<30%	To be discussed individually	Indicator Rating	Cumulative Budget	Indicative Funding Range				In %	In US\$	b2	\$16,743,641	30-59%	\$5,023,092				-				\$9,878,748	
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IDENTIFY MANAGEMENT ISSUES			Rated Management Issues																																											
5.	Country Team	<p>-Determines whether there are management issues in each of the following four functional areas:</p> <ul style="list-style-type: none"> (i) Monitoring and Evaluation (M&E); (ii) Program Management (PM); (iii) Financial Management and Systems (FM&S); and (iv) Health Product Management (HPM). <p>- Assigns a score of no, minor, or major issues for each functional area</p> <p>- Captures these scores in the ADMF including the remedial actions and / or capacity-building measures to be implemented by the PR. These actions and measures shall also be communicated to the PR through the Performance Letter. Where appropriate, the additional costs for capacity strengthening is specified and explained in the annual funding decision.</p> <p>- When processing the AFD, ensure that significant discrepancies between expenditures, program performance and results are identified. Country Teams should also perform a</p>																																												

Seq No	Responsible	Process Description	Output																										
		comprehensive analysis to justify and document the cause of the discrepancy, including identifying any corrective actions where necessary.																											
DERIVE THE OVERALL GRANT RATING			Overall Grant Rating																										
6.	Country Team	<p>Determines the overall grant rating:</p> <ul style="list-style-type: none"> - The overall grant rating can only be one rating lower than the indicator rating if one or more of the four functional areas receive a score of 'Major Issues'. - In severe cases where there are two or more functional areas scoring as 'Major Issues', the Country Team may exceptionally consider an overall grant rating that is two ratings lower than the indicator rating. <table border="1" data-bbox="603 589 1259 909"> <thead> <tr> <th rowspan="2">Indicator Rating</th> <th rowspan="2">Overall Grant Rating</th> <th colspan="4">Rationale for Overall Grant Rating</th> </tr> <tr> <th colspan="4">Grant Management Issues</th> </tr> </thead> <tbody> <tr> <td rowspan="2">a2</td> <td rowspan="2">B1</td> <td>Prog Mgt</td> <td>FM&S</td> <td>HPM</td> <td>M&E</td> </tr> <tr> <td>Minor</td> <td>Major</td> <td>None</td> <td>None</td> </tr> <tr> <td colspan="6">Insert one sentence describing the rationale for Grant Rating.</td> </tr> </tbody> </table> <p>Includes in the AFD:</p> <ul style="list-style-type: none"> - An explanation of important deviations, if any, between results and targets for individual indicators; - A description of how overall performance, including any available information related to progress toward outcome and impact supports the annual funding decision; and, - Identifies management issues that affected the overall grant rating (including quality of services and progress against work-plan tracking measures, requirements, strengthening measures identified capacity assessment and other reviews, etc.), as well as required follow-up actions. 	Indicator Rating	Overall Grant Rating	Rationale for Overall Grant Rating				Grant Management Issues				a2	B1	Prog Mgt	FM&S	HPM	M&E	Minor	Major	None	None	Insert one sentence describing the rationale for Grant Rating.						
Indicator Rating	Overall Grant Rating	Rationale for Overall Grant Rating																											
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		Minor	Major	None	None																								
Insert one sentence describing the rationale for Grant Rating.																													
DETERMINE ANNUAL FUNDING DECISION AMOUNT			Recommended AFD Amount																										
7.	Country Team	<p>The annual funding amount is based on the</p> <ul style="list-style-type: none"> - expenditure rate; - grant management issues (including quality of services where available), including the mitigating actions needed to address them. 																											

ANNEX 2: SCORING METHODOLOGY FOR WORK-PLAN TRACKING MEASURES (FOR GRANT SIGNED IN THE 2017-2019 FUNDING CYCLE AND BEFORE)

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.³⁰⁶ Moreover, these areas require additional qualitative measures to assess their effectiveness.

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 PUDR on the agreed upon work-plan tracking measures (WPTM) in country-specific and multi-country grants (see the *M&E Framework for the Global Fund Grants with Insufficient Coverage Indicators for Performance Based Funding* for further information).

A differentiated approach are applied in using these measures for determining an indicator rating and in making performance-based annual funding decisions:

When grants do not include any coverage/output indicators, a scoring methodology are applied to measure progress against WPTMs to arrive at an indicator rating.

When grants include both coverage/output indicators as well as the WPTMs, only the coverage/output indicators are used to calculate the indicator rating³⁰⁷. In these instances, WPTM may be additionally used at the discretion of the Country Team in determining the overall grant rating and adjusting the annual funding decision amount.

The following scoring methodology are applied to derive scores and equivalent indicative funding range at each reporting period.

1. The progress on work-plan tracking measures (i.e. milestones and targets for input and process indicators) are categorized as:

Implementation progress during the reporting period	Category
No progress against planned milestone or target	Not started
Less than 50% completion of the milestone or target	Started
50% or more completion of planned milestone or target	Advancing
100% achievement of planned milestone or target	Completed

³⁰⁶ Examples of such modules/interventions include removing legal barriers to access or changes in policy and governance under HSS.

³⁰⁷ At the time of Grant Making, the Country Team decides and agrees with the PR whether the indicator rating will be based on Coverage Indicators or Work-Plan Tracking Measures.

2. Achievement against each work-plan tracking measure (milestones and targets) are graded on a four-point scale from 0 to 3:

Category	Score
Not started	0
Started	1
Advancing	2
Completed	3

3. At each reporting period, depending on the progress in implementation of various activities, respective score are allotted to each measure.
4. Based on reported progress, the sum of all scores during the reporting period are compared against the maximum score for that period to obtain the default rating.

Percentage achievement during the reporting period (Total score/Maximum score)	Default WPTM rating
100% or above	a1
90-99%	a2
60-89%	b1
30-59%	b2
<30%	c

5. The default rating determines the indicative funding range. The indicative funding ranges for each Indicator Rating, before other factors are taken into consideration, are as follows:

Default WPTM Rating	Cumulative Budget Amount (including current funding request)
a1	Between 90-100% of Cumulative Budget through the next reporting period
a2	
b1	Between 60-89% of Cumulative Budget through the next reporting period
b2	Between 30-59% of Cumulative Budget through the next reporting period
c	To be discussed individually

Grant Revisions³⁰⁸

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.³⁰⁹

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.³¹⁰ The types of revisions and relevant sections of this OPN are:

Extensions (End-Date Revisions) Section A
if extending the grant's implementation period (IP)

Additional Funding Revisions Section B
if increasing total funds, but not extending IP

Program Revisions Section C
if revising programmatic scope/scale, but not extending IP or adjusting total funds

Budget Revisions Section D
if changes are solely budgetary and do not impact Performance Framework

Administrative Revisions Section E
if changes are only being made to master data contained in Grant Agreement (e.g., PR/LFA contact details)

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.

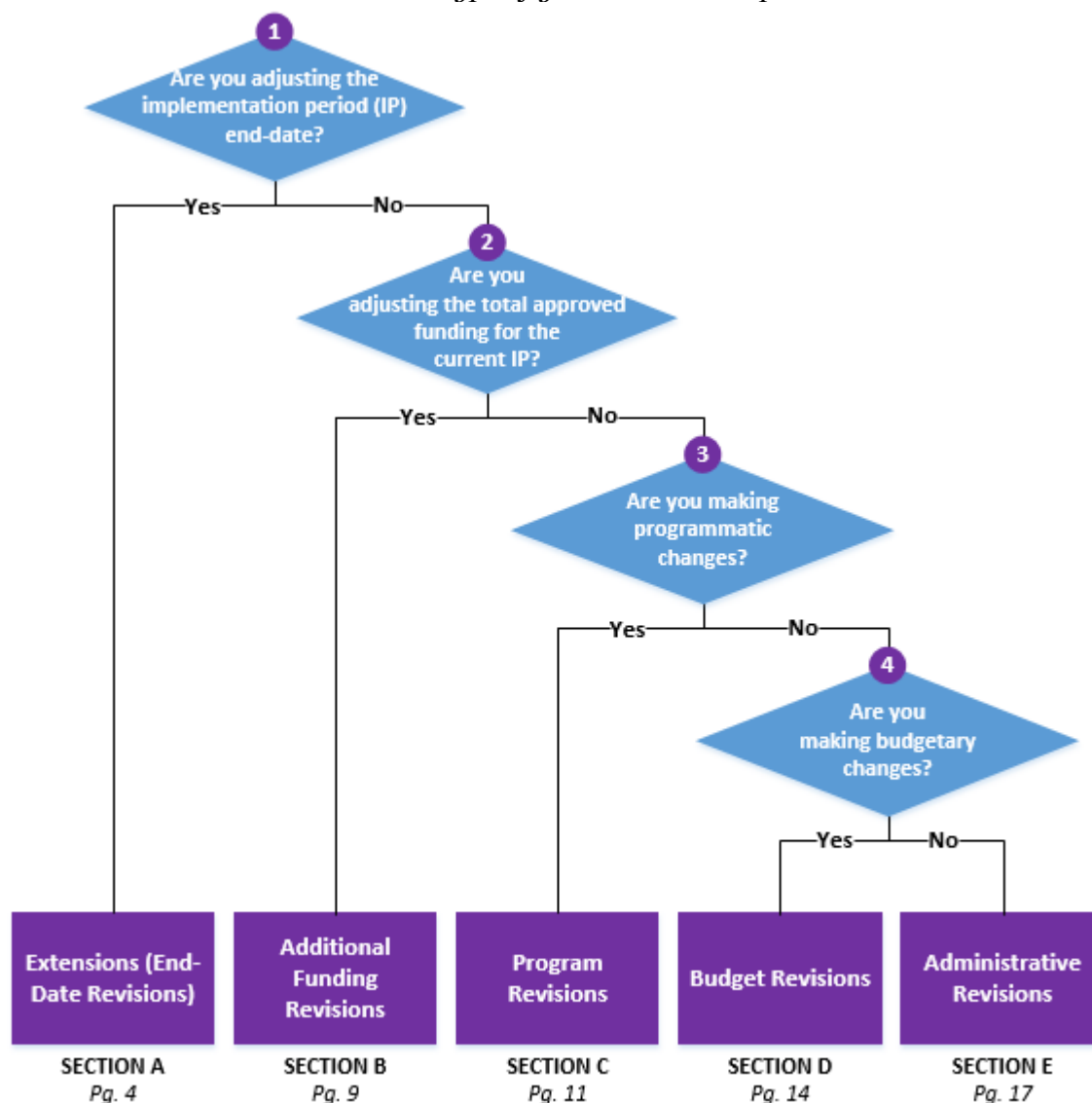
³⁰⁸ This Operational Policy Note (OPN) supersedes former *OPN on Signing and Amending Grant Agreements (sections pertaining to amending grant agreements)*, *OPN on Extending Grant Implementation Periods*, and *OPN on Reprogramming During Grant Implementation*.

³⁰⁹ 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.

³¹⁰ 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



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 period³¹¹ 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 Letter³¹².

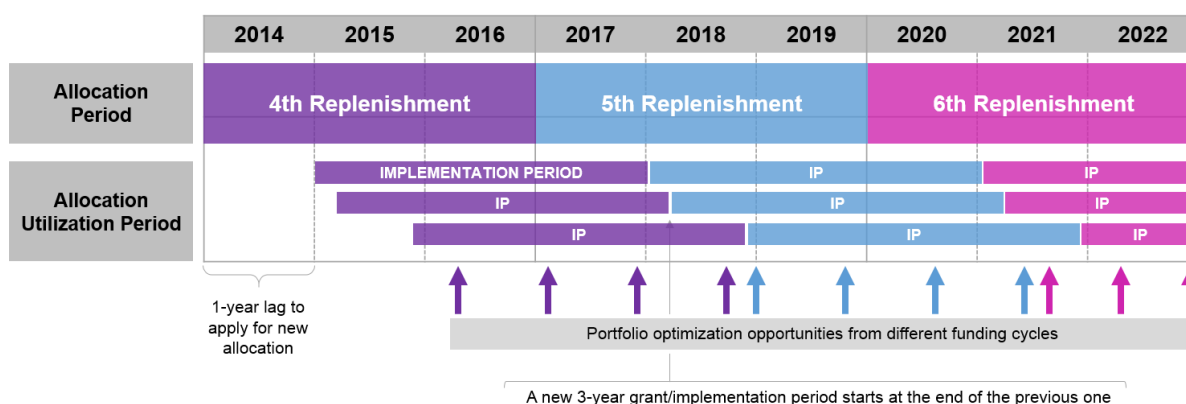


Figure 2. The Allocation, Allocation Utilization and Implementation Periods.

11. Implementation Period. An implementation period is the period during which a Principal Recipient implements programmatic activities, as reflected in the grant agreement.³¹³ 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).

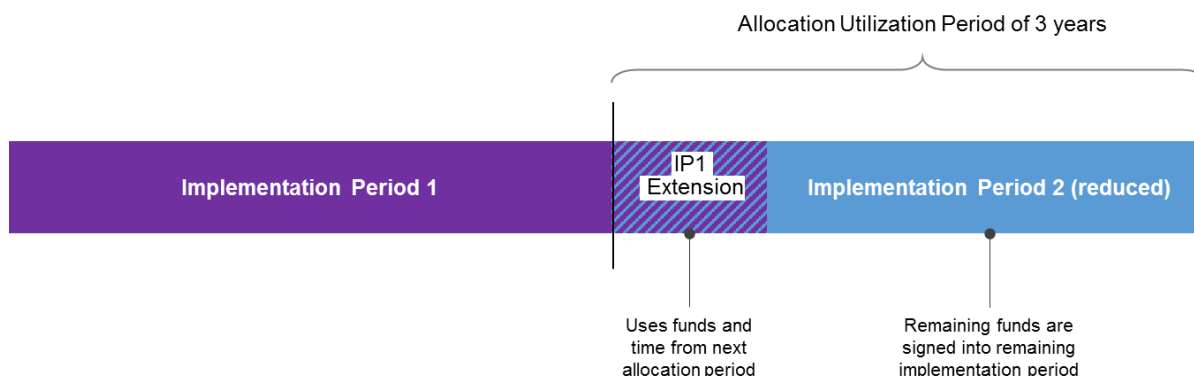


Figure 3. Example of an Extension of an existing implementation period.

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 funding pool and become available for portfolio optimization investment. For further guidance, please refer to the *OPN on Grant Closures*.

³¹¹ 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/B35/05 Allocation Methodology 2017-2019](#). Should the allocation utilization period be more than three years, the maximum funding available remains the same.

³¹² 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.

³¹³ 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.

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)³¹⁴

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 circumstances³¹⁵, such as:
 - 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);

³¹⁴ 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](#)).

³¹⁵ Operational policy on the possible use of extensions will be updated should there be amendments to the Board-approved extension policy (GF/B31/DP12).

- 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 Team³¹⁶. 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 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

³¹⁶ 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.

country component going forward.³¹⁷ Programmatic adjustments may be undertaken as necessary to ensure Global Fund resources are strategically invested to achieve maximum impact during the Extension period.³¹⁸ 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).³¹⁹ 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.**³²⁰ 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.
 - 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

³¹⁷ 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.

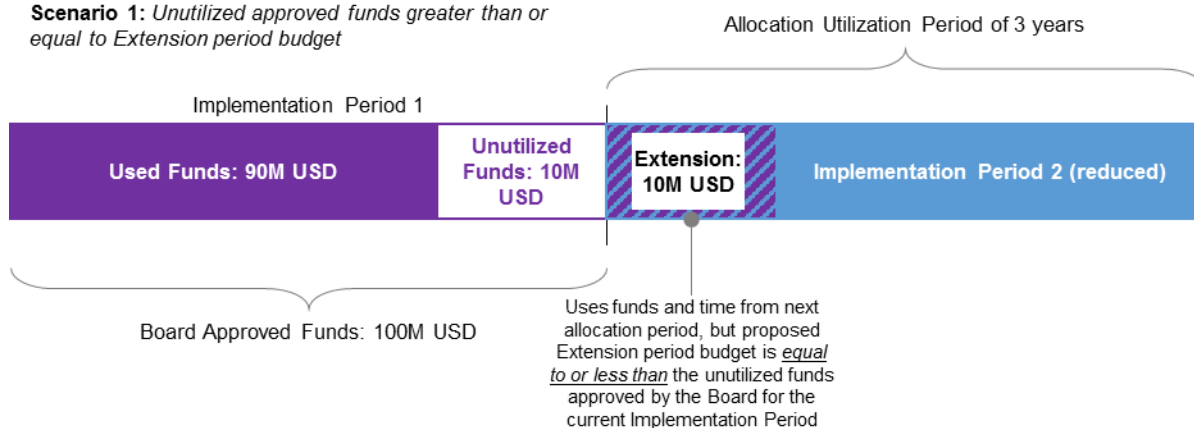
³¹⁸ This is particularly important when it is known that specific activities are unlikely to continue in the new implementation period due to the amount of the new allocation (e.g., if the amount is reduced).

³¹⁹ 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).

³²⁰ This criteria will apply until potential revisions to the Board-approved extension policy ([GF/B31/DP12](#)) are approved.

be cumulative for all Extensions requested for that implementation period (e.g., those already signed, if applicable, and the Extension requested).³²¹

Scenario 1: *Unutilized approved funds greater than or equal to Extension period budget*



Scenario 2: *Unutilized approved funds less than Extension period budget*

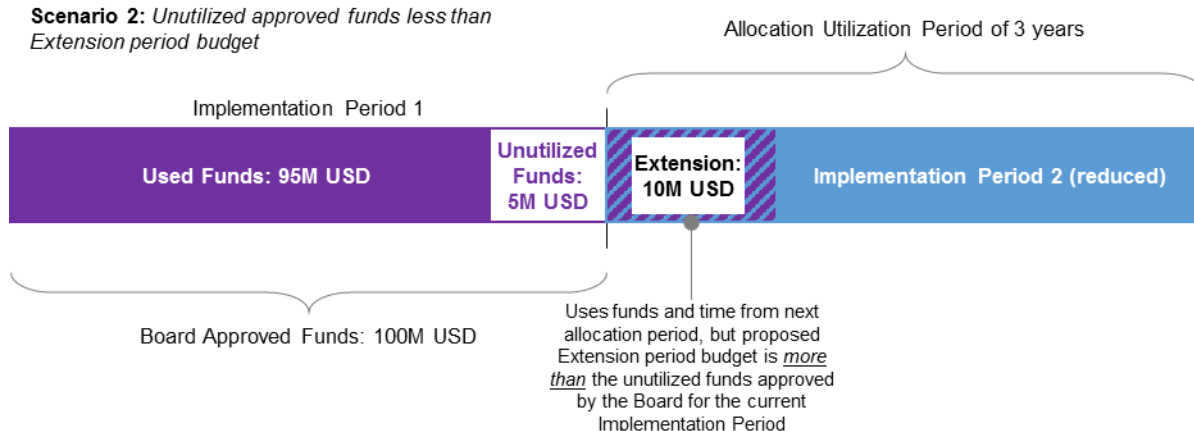


Figure 4. Illustration of examples where sufficient unutilized funds do or do not exist in current implementation period to cover the budget for the Extension period.

Scenario 1: Unutilized funds from the current implementation period are sufficient to fully cover the extension budget³²²

Cumulative Extension Period	% of the next allocation for relevant disease component to be used during Extension period	Approval Authority
Up to 3 months	Up to 10%	Country Team ³²³ (and PST for Focused)
	More than 10%	Regional Manager or

³²¹ 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.

³²² Formerly “non-costed extension”

³²³ 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.

From 3 up to 6 months	Up to 15%	Department Head (<i>for High Impact</i>)
	More than 15%	Grant Approvals Committee (GAC)
From 6 up to 12 months	N/A ³²⁴	
More than 12 months	N/A	Board (with GAC recommendation)
Any other Extension request		

³²⁴ 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 budget³²⁵

Cumulative Extension Period	Cumulative amount of additional funding needed for Extension period	Approval Authority
Up to 12 months	Up to USD 10 million and up to the equivalent of 6 months of additional funding ³²⁶	Grant Approvals Committee
	More than USD 10 million or more than the equivalent of 6 months of additional funding	Board (with GAC recommendation)
More than 12 months	N/A	
Any other Extension request		

Reporting and Impact on Legal Documents

26. Reporting: The *Grant Revision Request Form* should be used to submit all Extension requests³²⁷. 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 Framework³²⁸ for the full implementation period (including Extension period);
- b. An updated Summary Budget³²⁹ 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 revision³³⁰. This endorsement will be captured in the *Grant Revision Request Form*.

³²⁵ Formerly “costed extension”

³²⁶ 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.

³²⁷ 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.

³²⁸ 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.

³²⁹ Based on a detailed budget reviewed and signed off by the Country Team (and PST for Focused countries).

³³⁰ 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 factors³³¹:
 - 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

Partnerships Team within the Strategy, Investment and Impact Division (SIID) and to the extent possible, in-country partners.

³³¹ 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.

Threshold	Approval Authority
<ul style="list-style-type: none"> - Additional Funding Revision of up to 30% of approved fund for the implementation period - Additional Funding Revision of more than 30% (if additional funds will finance TRP-reviewed Unfunded Quality Demand) 	Board (with GAC recommendation)
<ul style="list-style-type: none"> - Additional Funding Revision of more than 30% (if additional funds will not finance TRP-reviewed Unfunded Quality Demand) 	Board (with GAC and TRP recommendation)

Reporting and Impact on Legal Documents

40. **Reporting:** The *Grant Revision Request Form* should be used to submit Additional Funding Revision requests³³². 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 LOHP²³ (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 Framework³³³ for the full implementation period;
 - b. An amended Summary Budget³³⁴ and Financial Calculator approved by FO/PST and RFM;
 - c. The CCM Chair and Vice Chair endorsement of the revision request³³⁵. This endorsement will be captured in the *Grant Revision Request Form*.

³³² 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.

³³³ 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.

³³⁴ Based on a detailed budget reviewed and signed off by the Country Team (and PST for Focused countries).

³³⁵ 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 interventions³³⁶, (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:

³³⁶ 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.

Portfolio Category	When a Program Revision request may be submitted
Focused	Once a year, if warranted by the program context.
Core	Any time during grant implementation, if warranted by the program context.
High Impact	Any time during grant implementation, if warranted by the program context.

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:
- 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
 - 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.
- 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*).
 - 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 material³³⁷.

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.

³³⁷ 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 review³³⁸. 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:

54.

Threshold	Approval Authority
Non-material Program Revisions which fall below any of the scenarios listed below	Country Team ³³⁹
Non-material Program Revisions which include one of the following scenarios, as compared to the originally approved performance framework at grant signing:: 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.	Regional Manager or Department Head (<i>for High Impact</i>)
Material Program Revisions - 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	GAC (with TRP recommendation, if GAC determines revision is material)

Reporting and Impact on Legal Documents

55. Reporting: The *Grant Revision Request Form* should be used to submit Program Revision requests³⁴⁰. 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 LOHP³² (as applicable) to complete/update. Using the information compiled by the PR in the

³³⁸ See Annex III for the TRP review process of revision requests.

³³⁹ 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*.

³⁴⁰ 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 Framework³⁴¹ for the full implementation period;
- b. An amended Summary Budget (if revision impacts budget)³⁴² and Financial Calculator approved by FO/PST and RFM;
- c. The CCM Chair and Vice Chair endorsement of the revision request³⁴³. 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 REVISIONS³⁴⁴

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

³⁴¹ 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.

³⁴² Based on a detailed budget reviewed and signed off by the Country Team (and PST for Focused countries).

³⁴³ 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.

³⁴⁴ 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).

	Budget revision for any standard intervention	Budget revision for any discretionary cost category ³⁴⁵	Is Global Fund prior written approval required?
Non-material budget revision	Less than 15% change to the total budget for any intervention (either an increase or decrease)	Less than 5% increase to the total budget of any discretionary cost category	No
Material budget revision	(i) Any budget revision above the non-material budget revision thresholds defined above (ii) Any budget revision that introduces new modules and interventions ³⁴⁶		Yes

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:

Portfolio Category	When a Budget Revision request may be submitted
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 budget³⁴⁷ (the “baseline budget”) to establish the materiality level.

³⁴⁵ 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.

³⁴⁶ 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.

³⁴⁷ As attached to the grant agreement or an implementation letter.

Non-material Budget Revisions	Principal Recipient
Material Budget Revisions ³⁴⁸	Country Team ³⁴⁹ (FPM and Finance Officer)

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 GOS³⁵⁰ (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:
- Documents to be included:** An updated Summary Budget.
 - 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*).

³⁴⁸ 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.

³⁴⁹ 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*.

³⁵⁰ Only legally agreed information captured through an implementation letter will be imported into GOS.

72. 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 making³⁵¹ and grant implementation and could be triggered by (among other reasons):
- A change in the organizational representative for legal notices (for PR) and notices (for LFA)
 - 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.

Threshold	Approval Authority
- All Administrative Revisions	Fund Portfolio Manager

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.
- 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*).
 - 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 County 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.
 - Consultation:** The Country Team should consult with their Legal Officer on whether and when to issue an Implementation Letter for an Administrative Revision.

³⁵¹ 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:

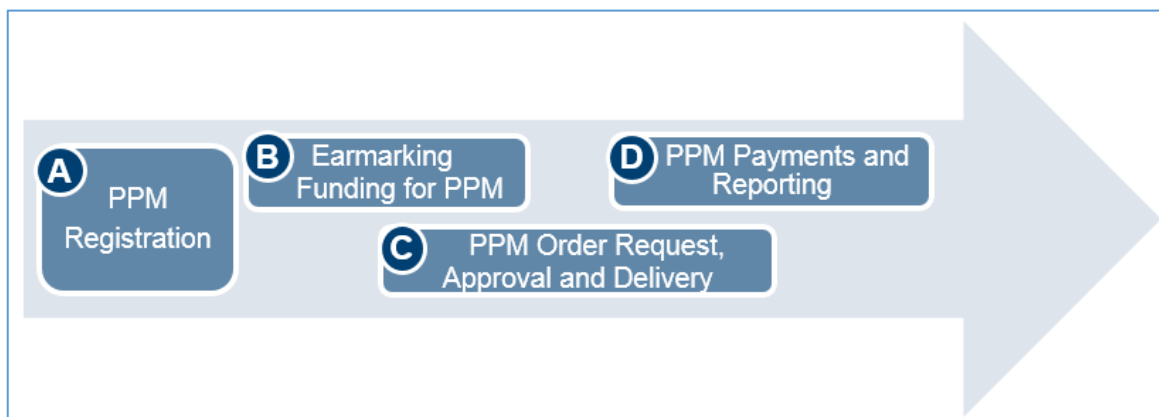
No.	Approved By	Change Description	Date	Version No
1.	EGMC	<ul style="list-style-type: none"> Consolidate operational guidance on all types of grant revisions into one comprehensive operational policy. 	15 February 2017	1.0
2.	Chair, EGMC	<ul style="list-style-type: none"> Alignment with Guidelines on Budgeting and Financial Reporting – budget revisions Minor process and language edits to clarify guidance and requirements (without changing content) 	22 February 2018	1.1

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.³⁵² PPM enables the Global Fund Secretariat to aggregate order volumes from participating Principal Recipients³⁵³ to leverage the Global Fund’s market spend aiming to:
 - a. secure quality-assured products;
 - b. obtain better Value for Money³⁵⁴ 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:



³⁵² <https://www.theglobalfund.org/en/sourcing-management/market-shaping-strategy/>

³⁵³ 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>.

³⁵⁴ 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.³⁵⁵
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 Letter³⁵⁶ 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).

³⁵⁵ For certain categories of health products, the Global Fund may use partner organizations, acting as agents of the Principal Recipients.

³⁵⁶ 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.³⁵⁷
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.³⁵⁸
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.³⁵⁹

³⁵⁷ Reference prices per product category are updated from time to time and are available at: <https://www.theglobalfund.org/en/sourcing-management/health-products/>

³⁵⁸ 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.

³⁵⁹ 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.³⁶⁰
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).³⁶¹ 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.³⁶²
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.³⁶³

³⁶⁰ In accordance with the OPN on Conditions and Management Actions or future OPN providing guidance on management of requirements.

³⁶¹

See

https://www.theglobalfund.org/media/4754/psm_categoryproductlevelprocurementdeliveryplanning_guide_en.pdf
³⁶² [Guidelines for Grant Budgeting](#).

³⁶³ 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):

	APPROVAL AUTHORITY	
	Up to (and including) US\$ 10 million	Above US\$ 10 million
PPM Purchase Orders, including Rapid Supply Mechanism orders	<ul style="list-style-type: none"> • Manager, Global Sourcing, Sourcing & Supply Chain Department 	<ul style="list-style-type: none"> • Senior Manager, Sourcing & Supply Chain Department

22. The issuance of a PPM Purchase Order on wambo.org triggers grant liability recognition in the accounts of the Global Fund.³⁶⁴ 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.³⁶⁵ 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.

³⁶⁴ 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.

³⁶⁵ 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.³⁶⁶ The Principal Recipients will be notified of any de-commitment.

³⁶⁶ 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.³⁶⁷
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/>.
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.

³⁶⁷ Portfolio Categorization by the Global Fund- list of countries

CHANGE HISTORY:

No.	Issued/Changed By	Change Description	Date	Version No
1	Strategic Investment and Portfolio Optimization Team	N/A	10 October 2012	1.0
2	Sourcing Department and Financial Development Team	Key changes include earmarking PPM commitments through the AFD (based on updated Procurement Plans) without releasing payments to PSAs anymore.	11 June 2014	1.1
3	Sourcing and Financial Development Team	Introducing the IOCF, and the process for advance procurement.	13 March 2015	1.2
4	Sourcing and Supply Chain and Program Finance and Controlling	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	8 November 2018	1.3
5	Sourcing and Supply Chain and Program Finance and Controlling and Legal & Compliance Department	Revisions to include explicit reference to a buffer Revisions to clarify purchase order closure Updates to terms, definitions and document references	25 March 2019	1.4

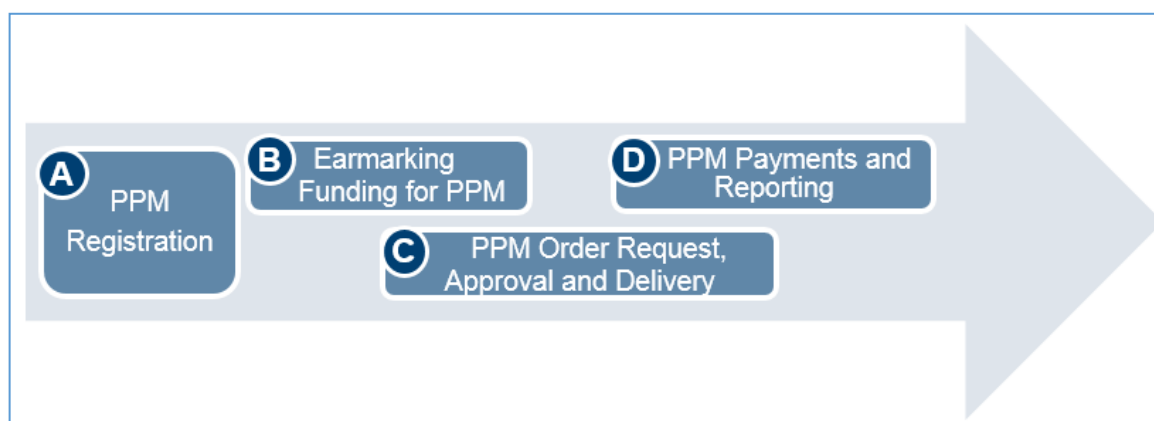
Pooled Procurement Mechanism

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.

Requirements	Timeline	Review and Approval
<p>Principal Recipient completes registration requirements</p> <ul style="list-style-type: none"> • Signed Registration Letter with the PPM Schedule on Operational Matters; • Wambo.org on-boarding form and the wambo.org Terms of Use 	<p>During Grant Making or Implementation</p>	<p>Review by:</p> <ul style="list-style-type: none"> • PPM Focal Point, who validates registration information (e.g., grant details, delivery details, etc.) • Wambo Team for system configuration (e.g., authorized users, acceptance of electronic approvals, approval hierarchy, delivery addresses and consignees, and required shipping documents) <p>Approval by:</p> <ul style="list-style-type: none"> • Senior Manager, Sourcing Team

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.

Requirements	Timeline	Review and Approval ³⁶⁸
Establishment of and increases in PPM ceiling	After Grant Signature, either up front or over time as each PPM purchase requisition is raised	<ul style="list-style-type: none"> • 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)
Decreases in PPM ceiling	Anytime, provided the unutilized PPM ceiling is not required for existing or future PPM orders	<p>Review by:</p> <ul style="list-style-type: none"> • PPM Financial Controlling, who validates that the unutilized PPM ceiling is not required for existing PPM orders • PPM Focal Point, who validates that no PPM orders are in the pipeline or no incremental commitments on current PPM orders are required • HPM Specialist, who validates that no additional PPM orders are planned to be placed under the current Implementation Period <p>Approval by:</p> <ul style="list-style-type: none"> • Finance Specialist/PST Specialist • Fund Portfolio Manager, based on the above

³⁶⁸ 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).³⁶⁹ 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.

Requirements	Timeline	Review and Approval ³⁷⁰
<p>PPM Purchase Requisition submitted by the Principal Recipient through the wambo.org platform, specifying:</p> <ul style="list-style-type: none"> product information, quantities, requested delivery date, ship-to-address, consignee, Incoterm and special requests, if any. 	<p>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)³⁷¹ or as agreed with PPM Focal Point</p>	<p>Stage 1 review by:</p> <ul style="list-style-type: none"> 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.) <p>Stage 2 review by:</p> <ul style="list-style-type: none"> 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 PPM Category Manager, who validates supplier allocation for core products, if any PSA, who includes non-core product costs, estimated freight costs, Procurement and Supply Management costs (e.g., quality assurance), etc. <p>Approval by:</p> <ul style="list-style-type: none"> PPM Focal Point, who approves after validating PSA inputs

³⁶⁹ See https://www.theglobalfund.org/media/4754/psm_categoryproductlevelprocurementdeliveryplanning_guide_en.pdf

³⁷⁰ 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.

³⁷¹ See https://www.theglobalfund.org/media/4754/psm_categoryproductlevelprocurementdeliveryplanning_guide_en.pdf

Requirements	Timeline	Review and Approval ³⁷⁰
<p>Electronic Price Quotation issued to the Principal Recipient through wambo.org and attached to the Purchase Requisition</p> <p>The Electronic Price Quotation includes core and non-core product costs, estimated freight costs, Procurement and Supply Management costs (e.g., quality assurance), etc.</p>	<p>Following approval of a Purchase Requisition</p>	<p><i>If</i> approved Price Quotation is within PPM unutilized ceiling amount: Price Quotation is issued to Principal Recipient via wambo.org</p> <p><i>If</i> approved Purchase Requisition exceeds PPM unutilized ceiling amount:</p> <p>Review by:</p> <ul style="list-style-type: none"> FPM, who requests Finance Specialist/PST Specialist to increase the PPM ceiling before issuing the Price Quotation to the Principal Recipient <p>Approval by:</p> <ul style="list-style-type: none"> Principal Recipient <i>(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)</i>
<p>Electronic Purchase Order issued through wambo.org to the PSA</p>	<p>Following Principal Recipient approval of electronic Price Quotation</p>	<p>Review by:</p> <ul style="list-style-type: none"> 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 <p>Approval by:</p> <ul style="list-style-type: none"> PPM Manager; and Additional approvers in accordance with approval limits defined in the OPN on PPM <p>Principal Recipient is informed that the Purchase Order has been issued through a system-generated email.</p>
<p>Grant commitment processed in the Global Fund Financial System</p>	<p>Following issuance of electronic Purchase Order to the PSA</p>	<p>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</p> <p>The Country Team is informed and sends the Principal Recipient a Commitment Notification Letter.</p>

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.

Requirements	Timeline	Review and Approval
<p>Orders are confirmed by the PSA with suppliers (manufacturers and logistics agents) for the quotations approved by the Principal Recipient</p> <p><i>Principal Recipient is responsible for ensuring appropriate waivers are obtained when required and facilitating the import process locally.</i></p>	<p>Following receipt of the Purchase Order issued through wambo.org</p>	<p>PSA, who undertakes required actions</p>

Requirements	Timeline	Review and Approval
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		
Quality Control testing of health products completed , if any, in line with Global Fund Quality Assurance policies	Prior to delivery	PSA, who undertakes required actions
Products are delivered by PSA-engaged logistics agent to the Principal Recipient	Following health product manufacture and quality control testing, as applicable	PSA, who undertakes required actions
Confirmation of receipt of goods delivered and associated costs by the Principal Recipient (or designated/contracted service provider, as the case may be)	Following delivery	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

SECTION D: PPM PAYMENTS AND REPORTING

8. Payments are made to PSAs per payment terms stipulated in their respective Agreements.

Requirements	Timeline	Review and Approval
Payments to PSAs based on invoices received, which triggers disbursements under the respective grants	Based on PSA Agreements	<p>Review by:</p> <ul style="list-style-type: none"> PPM Financial Controlling, who verifies invoices not automatically matched in wambo.org <p>Approval by:</p> <ul style="list-style-type: none"> 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) <p>The Country Team is informed and sends the Principal Recipient a Disbursement Notification Letter.</p>
Periodic performance and financial reports submitted by the PSA to the Global Fund on their procurement activities	Per agreed periodicity	<ul style="list-style-type: none"> 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	<p>Review by:</p> <ul style="list-style-type: none"> 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 any³⁷² <p>Approved by:</p> <ul style="list-style-type: none"> PPM Financial Controlling, who approves after confirming financial information in the PSA and Global Fund statements are consistent, complete and accurate <p>In case of any de-commitment, the Country Team is informed and sends the Principal Recipient a Commitment Notification Letter.</p>

³⁷² 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.

Requirements	Timeline	Review and Approval ³⁷³
<p>Completed Rapid Supply Mechanism Order Form signed and submitted by the Principal Recipient, and additional approvals obtained for exceptional cases</p>	<p>After completion of the PPM Registration process for PPM-registered Principal Recipients or after completion of the exception process for non-PPM-registered Principal Recipients</p>	<p>Review by:</p> <ul style="list-style-type: none"> • HPM Specialist, who confirms the urgency of the request, validates the order against the List of Health Products (or the general grant purpose otherwise), the requested delivery date, reasonableness of the request • 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.) • Finance Specialist/PST Specialist, who confirms availability of funds in PPM ceiling <p>Approval by:</p> <ul style="list-style-type: none"> • Fund Portfolio Manager, through signature of the RSM Order Form

³⁷³ 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.

Requirements	Timeline	Review and Approval ³⁷³
<p>Issuance of the Rapid Supply Mechanism Order Form to the PSA</p>	<p>Following countersignature of Fund Portfolio Manager of Rapid Supply Mechanism Order Form signed by the Principal Recipient</p>	<p>Review by:</p> <ul style="list-style-type: none"> • 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 <p>Approval by:</p> <ul style="list-style-type: none"> • PPM Manager, based on the above (and additional approvers, as applicable)
<p>Grant commitment processed in the Global Fund Financial System through the Internal Order Confirmation Form</p> <p><i>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.</i></p>	<p>Following issuance of fully executed Rapid Supply Mechanism Order Form to the PSA</p>	<p>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.</p> <p>The Country Team is informed and sends the Principal Recipient a Commitment Notification Letter.</p>
<p>Orders are confirmed by the PSA with suppliers (manufacturers and logistics agents) for the quotations approved by the Principal Recipient</p> <p><i>Principal Recipient is responsible for ensuring appropriate waivers are obtained when required and facilitating the import process locally.</i></p> <p>PSA notifies Principal Recipient and Sourcing Team on any delays of deliveries or changes in products supplied or changes in</p>	<p>Following receipt of the Purchase Order issued through wambo.org</p>	<p>PSA, who undertakes required actions</p>

Requirements	Timeline	Review and Approval ³⁷³
cost which can trigger additional approvals if the materiality thresholds as defined in paragraph 6 above are met		
Quality Control testing of health products completed , if any, in line with Global Fund Quality Assurance policies	Prior to delivery	PSA, who undertakes required actions
Products are delivered by PSA-engaged logistics agent to the Principal Recipient	Following health product manufacture and quality control testing, as applicable	PSA, who undertakes required actions
Confirmation of receipt of goods delivered and associated costs by the Principal Recipient (or designated/contracted service provider, as the case may be)	Following health product manufacture and quality control testing, as applicable	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
Payments to PSAs based on invoices received, which triggers disbursements under the respective grants	Based on PSA Agreements	<p>Review by:</p> <ul style="list-style-type: none"> • PPM Financial Controlling, who verifies invoices that are not automatically matched in wambo.org <p>Approval by:</p> <ul style="list-style-type: none"> • 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) <p>The Country Team is informed and sends the Principal Recipient a Disbursement Notification Letter.</p>
Periodic performance and financial reports submitted by the PSA to the Global Fund on their procurement activities	Per agreed periodicity	<ul style="list-style-type: none"> • PPM Category Manager and PPM Manager, who validate and approve performance information • PPM Financial Controlling, who validates and approves financial information

Requirements	Timeline	Review and Approval ³⁷³
<p>Purchase Order is closed</p>	<p>Following submission of Invoice Statement by PSA</p>	<p>Review by:</p> <ul style="list-style-type: none"> • PPM Focal Point, who flags known anomalies, if any <p>Approved by:</p> <ul style="list-style-type: none"> • PPM Financial Controlling, who approves after confirming financial information in the PSA and Global Fund statements are consistent, complete and accurate <p>In case of any de-commitment, the Country Team is informed and sends the Principal Recipient a Commitment Notification Letter.</p>

Acronyms:

FPM: Fund Portfolio Manager (including Senior FPM and Disease Fund Manager for Nigeria and DRC)

HPM: Health Product Management Specialist

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”)³⁷⁴ 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 corrective measures in case of non-compliance described in this OPN apply to all ARVs, antimalarial and anti-TB FPPs.

³⁷⁴ 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](#).

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 Products³⁷⁵ (“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 undertaken in compliance with all applicable laws and regulations, as outlined in the QA Diagnostics Policy.

³⁷⁵ 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](#).

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.³⁷⁶ 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](#).

D. Quality assurance requirements for condoms

14. Male latex condoms must be compliant with specifications indicated in [Specification, Prequalification and Guidelines for Procurement, 2010](#), published by WHO, UNFPA, and Family Health International.

It is highly recommended to all PRs to select condoms from the list of prequalified condoms

³⁷⁶ 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/>

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.
15. Female Condoms must be compliant with specifications indicated in [Generic Specification, Prequalification and Guidelines for Procurement, 2012](#), published by World Health Organization, UNFPA and FHI360.
- 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).

Product Type	Non-Compliance Type	Classification of non-compliance
Pharmaceuticals: ARVs, Anti TB, Anti Malarials	Procurement of non A, B or ERP products	Level 2
	Procurement of ERP product without notification provided to the Global Fund	Level 1
Diagnostics	Procurement of HIV or malaria rapid diagnostic tests (RDTs) not compliant with Global Fund criteria (section 8 of the policy)	Level 2
	Procurement of reagents not produced in ISO certified site	Level 2
	Procurement of HIV, TB molecular equipment not assessed as per GF QA	Level 2
LLINS/ IRS	Non WHOPEs products	Level 2
	Procurement of WHOPEs product without random pre-shipment Quality Control	Level 1
Condoms	Non-WHO/UNFPA approved and not produced in an ISO manufacturing site	Level 2

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.³⁷⁷

³⁷⁷ 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

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.

measures taken.

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")³⁷⁸ 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 evidence³⁷⁹ that a Supplier may have directly or indirectly breached the Global Fund Supplier Code of Conduct, including by engaging in corrupt,

³⁷⁸ Suppliers include suppliers of goods and services to Principal Recipients, Sub recipients, other recipients, Country Coordinating Mechanisms, procurement agents and first-line buyers. Supplier representatives include affiliates, employees, subcontractors, agents and intermediaries of Suppliers.

³⁷⁹ This includes early notification of red flags although such evidence would only be expected to result in the imposition of operational remedial measures pending the finalization of the OIG's finding through a published report.

- 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.³⁸⁰ 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.

³⁸⁰ 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

Seq. No	Actors	Process Description	Output	Relevant Links
Report on Procurement Irregularities/Supplier Misconduct				
1	CT	<p>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.</p> <p>Control Point: Notification to OIG shall be through the relevant Department Head, Grant Management.</p>	Notification to OIG Recommendation for Operational Remedial Measures to the relevant Grant Management Department Head or the EGMC	
Check on Reported Cases				
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.		
Report to EGMC				
4	CT	<p>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.</p> <p>The Country Team shall draft a memo, in consultation with the OIG, containing the following information:</p> <ol style="list-style-type: none"> 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				
5	EGMC	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.	Decision regarding operational remedial measures and Sanctions Panel Referral	
6	Executive Director	Based on the EGMC recommendation, may refer case to the Sanctions Panel.	Referral to Sanctions Panel	
7	Sanctions Panel	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.	Recommendation to the Executive Director	
8	Executive Director	Decides on the sanctions, if any, to be imposed on the Supplier.	Sanction Decisions	
Communicate Sanctions				
9	Sanctions Panel, Legal and Compliance Department, and Inspector General	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.	Notification to Supplier	
10	CT, Legal and Compliance Department, and Inspector General	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. Control Point: Head, GMD and Head, Legal and Compliance Department and, where relevant, the Inspector General review and approve the communication.	Draft Notification to Supplier and, if applicable, the Principal Recipient for Executive Director Approval	
11	Executive Director	Signs the official communication to the Supplier and PR (if relevant)	Final Notification to Supplier and PR (if relevant)	
Monitoring of Sanctions				
12	CT and Legal and Compliance Department	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.	Updates to Executive Management on Sanctions Monitoring	

13	EGMC	<p>EGMC will verify whether conditions to continued engagement or for lifting a debarment have been met by a Supplier.</p> <p>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.</p> <p>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.</p>	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)

Seq. No	Actors	Process Description	Output	Relevant Links
Country Team reports on Sanctionable Activity				
1	CT	<p>As soon as informed of a potential Sanctionable Activity, the Country Team shall inform the Executive Grant Management Committee.</p> <p>The Country Team shall draft a memo containing the following information:</p> <ul style="list-style-type: none"> 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. <p>Control Point: Memo shall be reviewed and approved by Grant Management Division Head (through channels).</p>	Memorandum to EGMC	
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 actions³⁸¹ 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

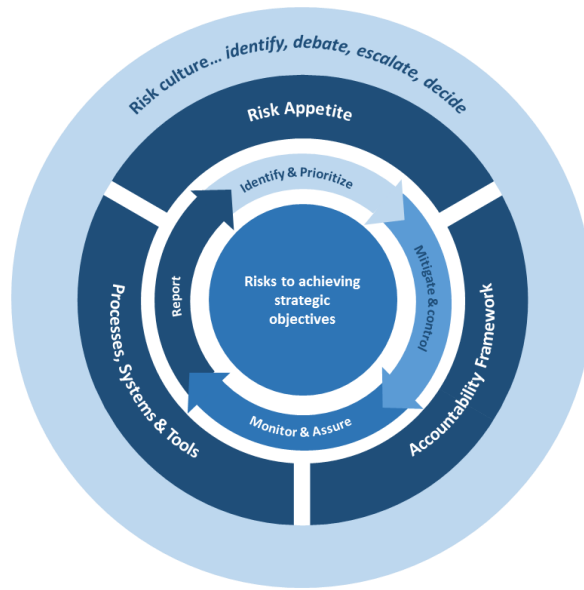
³⁸¹ Controls are generally designed into grant programs (e.g., segregation of duties intended to prevent fraud and error), where mitigation actions reduce the level of identified risk (e.g., strengthening logistic management information systems).

and Global Risk Owners³⁸²), 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.

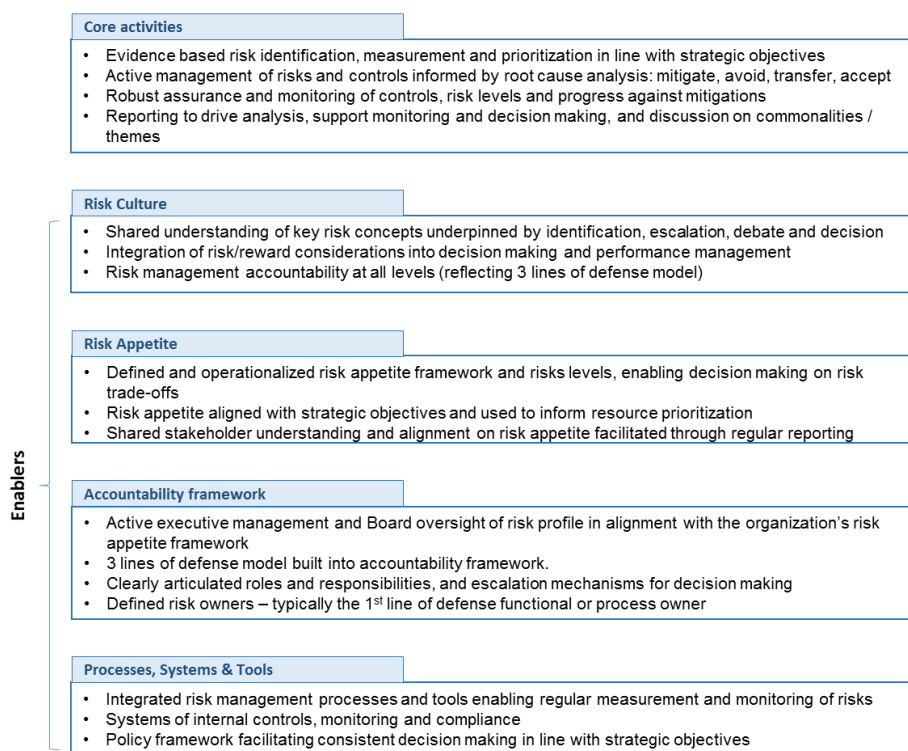
The Risk Management Framework

- 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 1. Risk and assurance planning process.



³⁸² See section on the “Role of Risk Department and Global Risk Owners” for details on the Global Risk Owners.



Risk Identification and Prioritization

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)³⁸³ 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.

³⁸³ 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 Specialist³⁸⁴, 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 assessment³⁸⁵ is submitted to GAC as part of the GAC approval process. If Country Teams, in consultation with their RM/DH/RFM and Risk Specialist, determine a capacity assessment will not be undertaken, the rationale for this decision³⁸⁶ 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).³⁸⁷

³⁸⁴ 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](#)

³⁸⁵ 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 the Document Management tab within the IRM module. The Country Team can upload this PDF.

³⁸⁶ 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.

³⁸⁷ 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.³⁸⁸ Once signed-off, the KRM is submitted for review to the PPC as described in the PPC ToRs.³⁸⁹

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 portfolios³⁹⁰, 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.

³⁸⁸ 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.

³⁸⁹ 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.

³⁹⁰ 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

Portfolio Differentiation Category	Risk Management Approach	
	Risk identification, prioritization and mitigation	Assurance Planning
Focused Portfolio	<p>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.³⁹¹ Grant-level risks will be documented in the Annual Funding decision through section 4.2 of the ADMF.</p> <p>Focused portfolios are also required to complete Capacity Assessments as per the requirements documented in paragraph 8.</p>	<p>Key Risk and Assurance Matrix (KRM) plan not required.</p> <p>Financial assurance plans are completed annually by the FPMs with the input of the Finance Specialist in the Portfolio Services Team (PST) and LFA³⁹², which feeds into the LFA budget exercise.</p>
High Impact and Core Portfolios	<p>Risk analysis conducted at individual risk level on an ongoing basis.</p>	<p>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.</p>

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

³⁹¹ 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.

³⁹² 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	Assessment Milestone	Role of Country Team for All Portfolios ³⁹³	Role of Risk Department for HI and Core Portfolios³⁹⁴	Role of Global Risk Owner
Funding Request	Funding request development	Identifies and shares the key disease-relevant risks/issues with the applicant	Reviews and contributes to key disease-relevant risks/issues shared with applicant, if applicable	Guides the Country Teams as needed
	Secretariat Briefing Note	Comments on adequacy of proposed actions to address key disease-relevant risks/issues	Reviews and contributes to analysis of the adequacy of the proposed actions to address key disease-relevant risks/issues	Guides the Country Teams as needed
	GAC Review: Grant making Final Review and Sign-off Form	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.	Reviews risk section of the form and related grant documents on a “no objection” basis within 48 hours of receipt of the form	Guides the Country Teams and provides sign-off for high risk and complex cases as determined by Regional Manager / Department Head & Regional Finance Manager
Grant Implementation	Annual Funding Decisions	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.	Reviews risk section of the AFD on a “no objection” basis within 48 hours of receipt of the ADMF	Guides the Country Team as required
	Grant Revisions (Material program revisions and extensions only)	Includes risk analysis and description of each risk category in approval documentation and	Reviews and contributes to risk analysis included for material program revisions and extensions requiring	Guides the Country Team as needed

³⁹³ The access to funding application package may be further differentiated based on various review categories and these requirements may be changed accordingly

³⁹⁴ 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.	GAC approval	
	Closure	Carry forward residual risks from the closing grant into the new grant arrangements for continuing PRs as relevant.	Reviews and contributes to risk analysis included	Guides the Country Team as needed

Access to Funding (A2F) and Grant Making³⁹⁵

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 IRM³⁹⁶ 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 t 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.

³⁹⁵ 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/DPO3). 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.

³⁹⁶ 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 identified³⁹⁷.

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*.

³⁹⁷ 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.³⁹⁸
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.³⁹⁹ 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

³⁹⁸ 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.

³⁹⁹ 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:

No.	Approved By	Change Description	Date	Version No
1.	EGMC	NA	1 September 2016	1.0
2.	EGMC	<ul style="list-style-type: none"> • Updated to reflect changes as a result of the Integrated Risk Management (IRM) module, the Portfolio Performance Committee process and other related updates. 	June 2018	1.1

Annex 1: Roles and Responsibilities

Key actors	Roles
GAC	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.
Enterprise Risk Committee	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.
Portfolio Performance Committee (PPC)	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).

Key actors	Roles
Global Risk Owners	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, pre-defined root causes and overall design and functionality of the systems and tools).
FPM	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.
Technical Specialists	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.
Risk Specialist (“Focal Point”)	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.

SECTION 3: IMPLEMENTATION PERIOD RECONCILIATION AND GRANT CLOSURE

The closure process for grant begins six months prior to the end of the implementation period with the submission of a close-out plan and budget. The grant's final funding decision is approved at the same time as the close-out plan. Following the last disbursement, the grant is placed in financial closure. Once all closure documentation has been submitted the grant is placed in final administrative closure and is de-activated from all Global Fund systems.

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 Grantee⁴⁰⁰, 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 returned⁴⁰¹ 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.

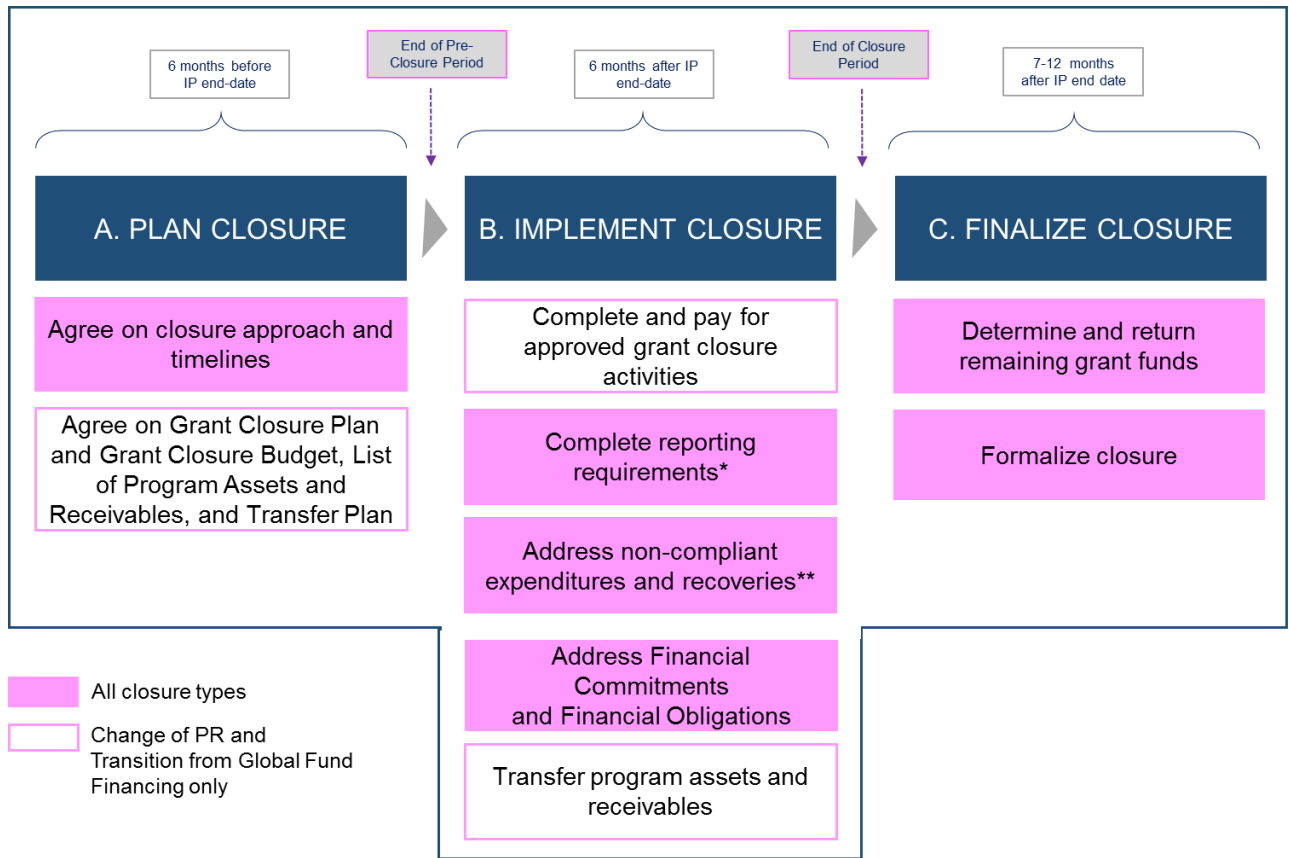
OPERATIONAL POLICY

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

⁴⁰⁰ 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.

⁴⁰¹ 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.



* 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.

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 manner⁴⁰². 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 required⁴⁰³. For Grant Closure cases (with the exception of Grant Consolidation⁴⁰⁴), 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 CCM⁴⁰⁵. 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 Procedure⁴⁰⁶ ("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

⁴⁰² 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.

⁴⁰³ 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.

⁴⁰⁴ Ibid.

⁴⁰⁵ 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.

⁴⁰⁶ 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 IP⁴⁰⁷;
 - b. Final Tax Report for the IP⁴⁰⁸;
 - c. Audit Report⁴⁰⁹; and
 - d. Financial Closure Report⁴¹⁰

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 date⁴¹¹. 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](#)⁴¹² and OPN on Recovery of Grant Funds⁴¹³.

⁴⁰⁷ See [Global Fund Guidelines on the Progress Report/Disbursement Request](#).

⁴⁰⁸ See [Global Fund Guidelines on the Progress Report/Disbursement Request](#).

⁴⁰⁹ 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.

⁴¹⁰ See [Guidelines on Financial Closure Report](#).

⁴¹¹ Section 2.2.1 of the [Global Fund Guidelines for Grant Budgeting](#).

⁴¹² Section 5 of the [Global Fund Guidelines for Grant Budgeting](#).

⁴¹³ 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 CCM⁴¹⁴ 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).

	Definition
Financially Closed	The IP/Grant is considered “Financially Closed” when all IP Reconciliation or Grant Closure steps and requirements are considered fulfilled or waived by the Global Fund. The Global Fund will not disburse any further grant funds for the IP/Grant. This, however, does not mean that the Principal Recipient’s legal obligations end when the grant ends. ⁴¹⁵
Administratively closed (only for Grant)	A grant is considered “Administratively Closed” when the financial closure has been completed and the Grant Closure Notification Letter is sent to the Principal Recipient to confirm both financial and administrative closure of a grant.

⁴¹⁴ 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.

⁴¹⁵ 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.

	Definition
<i>Closure)</i>	The closure is approved by the Regional Manager or Department Head ⁴¹⁶ and Regional Finance Manager through their signature of the Notification Letter.

⁴¹⁶ 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:

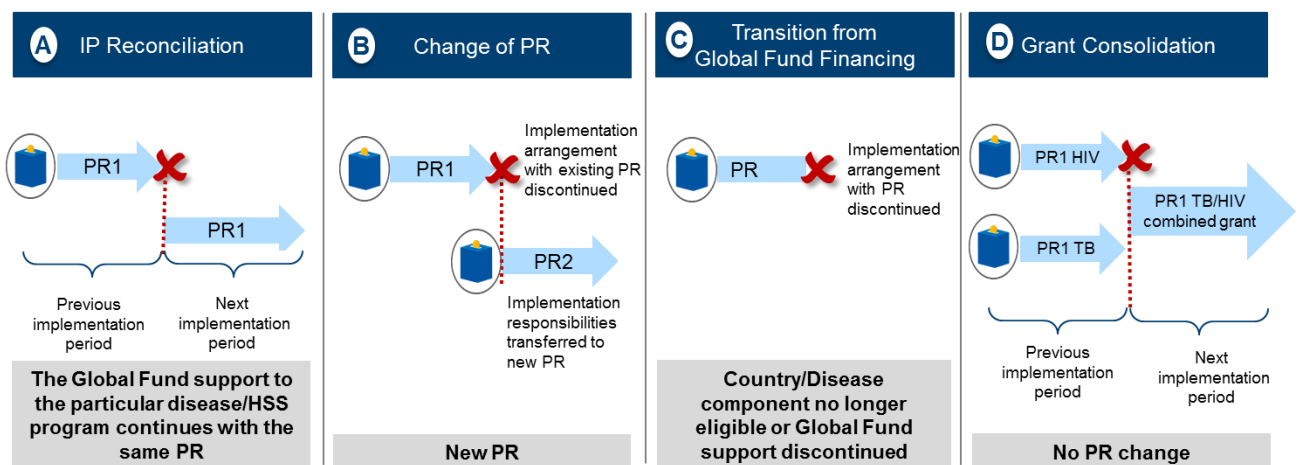
- *OPN on IP Reconciliation and Grant Closure*
- *OPN on Recovery of Grant Funds⁴⁷*
- *OPN on Annual Funding Decision and Disbursements*
- [Guidelines for Grant Budgeting](#)
- [Guidelines for Annual Audits of Global Fund Grants](#)
- [Guidelines on Asset Management](#)

11. 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.

12. 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

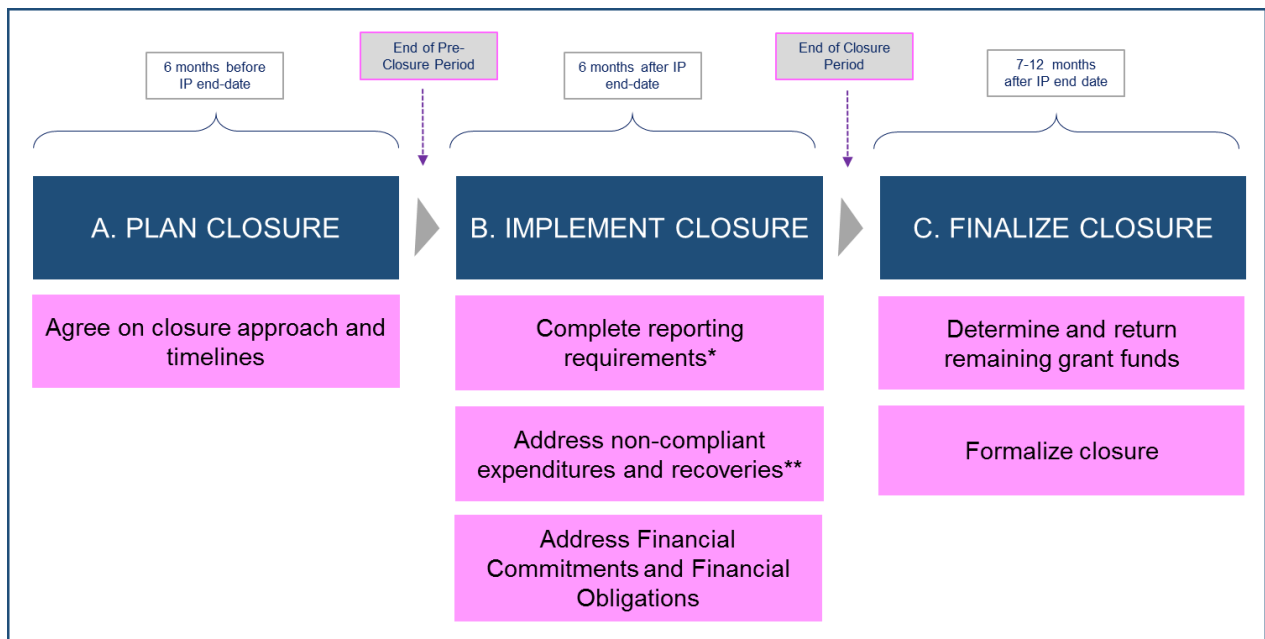
13. Overview of the IP Reconciliation and Grant Closure types:



⁴⁷ This is an internal Global Fund document

SECTION A: IMPLEMENTATION PERIOD RECONCILIATION

14. **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.
15. **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.

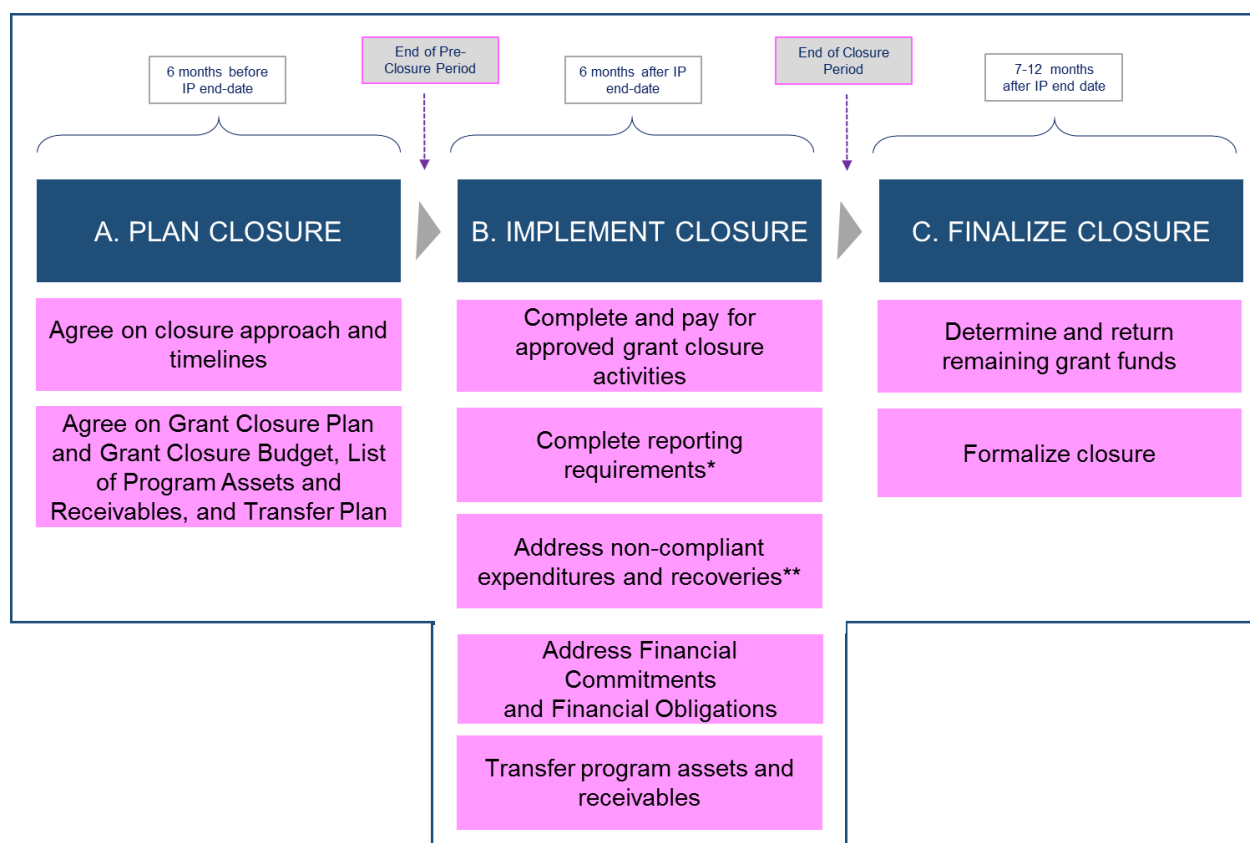
Requirements	Timeline	Review and Approval ⁴¹⁸
A. Plan Closure (6 months before the IP end date)		
The Country Team prepares and shares with the Principal Recipient the Guidance Letter on IP Reconciliation to ensure the IP is closed in a timely and orderly manner	6 months before the IP end date	Fund Portfolio Manager
B. Implement Closure (within 6 months from the IP end date)		
Complete Reporting Requirements		
<p>Final Progress Update for the IP which includes:</p> <ul style="list-style-type: none"> 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) <p>See PU/DR Guidelines</p>	Principal Recipient submission due date: within 2 months from the IP end date	<p>Review by the Local Fund Agent (LFA)</p> <p>Review by the Country Team:</p> <ul style="list-style-type: none"> 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 <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves the overall report based on the above
<p>Final Tax Report for the IP covering the last year of the IP (including any extensions)</p> <p>See PU/DR Guidelines</p>	Principal Recipient submission due date: 31 July	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above
<p>Audit Report for the last year of the IP (including any extensions)</p>	Principal Recipient submission due date: within 3 months from the IP end date	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> Finance Specialist/PST, who validates the audit report based on the LFA review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above

⁴¹⁸ 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		
Pay outstanding Financial Commitments under the expiring IP and transfer approved Financial Obligations to the next IP in line with the Guidance on Transition Between Allocation Utilization Periods	Within 6 months from the IP end date	Financial commitments outstanding after 6 months are reviewed by: <ul style="list-style-type: none"> • Finance Specialist/PST; and • Fund Portfolio Manager. The related Annual Funding Decision and Disbursement will be processed as an exception based on the <i>OPN on Annual Funding Decision and Disbursements</i> and upon the signature of a Final Payment Letter by: <ul style="list-style-type: none"> • Regional Manager or Department Head; and • Regional Finance Manager.
Address Non-Compliant Expenditures and Recoveries		
Address non-compliant expenditures under expiring IP.	Within 6 months from the IP end date	Review and approval follows the Guidelines for Grant Budgeting and OPN on Recovery of Grant Funds ⁴¹⁹ .
C. Finalize Closure (within 7 – 12 months from the IP end date)		
Determine and Take Into Account Remaining Grant Funds		
Submission and validation of the Financial Closure Report which includes the: <ul style="list-style-type: none"> • financial reconciliation of the cash balance as at the end of the IP (including any extensions); • expenditure report covering the period from the last submitted expenditure report up to the end of the Closure Period; and • updated Financial Commitments and Obligations as at the end of the IP See Financial Closure Report Guidelines	Principal Recipient submission due date: 7.5 months from the IP end date	Review by the LFA Review by: <ul style="list-style-type: none"> • Finance Specialist/PST, who validates the Financial Closure Report, based on the LFA review Approval by: <ul style="list-style-type: none"> • Fund Portfolio Manager, who approves based on the above
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	Within 9-12 months from the IP end date	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.
Formalize the Closure		
The IP is financially closed when all the closure activities as described above have been considered fulfilled or waived by the Global Fund	Within 12 months from the IP end date	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.

SECTION B: GRANT CLOSURE DUE TO A CHANGE OF PRINCIPAL RECIPIENT

16. **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.
17. 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.
18. **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.



* Except for the Financial Closure Report, and in specific cases⁴²⁰ 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'

⁴¹⁹ This is an internal Global Fund document.

⁴²⁰ 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.

stage. Depending on timelines agreed with the Global Fund, this activity may extend to the 'Finalize Closure' stage.

Requirements	Timeline	Review and Approval ⁴²¹
A. Plan Closure (within 6 months from the IP end date)		
<p>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</p>	<p>As soon as the decision to change the Principal Recipient is made and communicated in writing to the Principal Recipient</p>	<p>Fund Portfolio Manager</p>
Agree on Grant Closure Plan, Grant Closure Budget, List of Program Assets and Receivables, and Transfer Plan (within 6 months from the IP end date)		
<p>Grant Closure Plan and Budget: which includes:</p> <ul style="list-style-type: none"> Grant closure activities to be implemented during the Closure Period and the required budget to conduct such activities 	<p>Principal Recipient submission due date: No later than 3 months from the IP end date</p>	<p>Review by the LFA (if applicable)</p> <p>Review and recommendation by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager Finance Specialist/PST PHME and HPM Specialists, if programmatic activities will be completed during Closure Period <p>Approval by:</p> <ul style="list-style-type: none"> Regional Manager or Department Head⁴²² and Regional Finance Manager⁴²³ through the sign-off of the Implementation Letter approving the Grant Closure Plan and Grant Closure Budget
<p>List of Program Assets and Receivables and Transfer Plan: which includes the:</p> <ul style="list-style-type: none"> 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 	<p>Principal Recipient submission due date: No later than 3 months before the IP end date</p>	<p>Review by the LFA (if applicable).</p> <p>Review by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager Finance Specialist/PST, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable) HPM Specialist, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)

⁴²¹ 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.

⁴²² For High Impact Department portfolios.

⁴²³ In accordance with the Global Fund Signature Authority Procedure (as amended from time to time) (“SAP”).

Requirements	Timeline	Review and Approval ⁴²¹
<ul style="list-style-type: none"> plan of how the Program Assets are going to be transferred to the incoming Principal Recipient <p>Submitted together with the Grant Closure Plan and Grant Closure Budget</p>		<p>Approval by:</p> <ul style="list-style-type: none"> 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		
<p>Final Progress Update for the grant covering the last year of the IP (including any extensions)</p> <p>Includes the:</p> <ul style="list-style-type: none"> programmatic and financial progress report for the period from the last progress update to the IP end date Annual Financial Report (AFR) for the period from the last AFR to the IP end date (including any extensions) <p>See PU/DR Guidelines</p>	<p>Principal Recipient submission due date: Within 2 months from the IP end date</p>	<p>Review by the LFA</p> <p>Review by the Country Team:</p> <ul style="list-style-type: none"> 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 <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above
<p>Final Tax Report for the grant covering the last year of the IP (including any extensions)</p> <p>See PU/DR Guidelines</p>	<p>Principal Recipient submission due date: 31 July</p>	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above
<p>Audit Report covering the last year of the IP (including any extensions).</p> <p>The Closure Period must be covered in the audit <u>only</u> in the following cases:</p> <ol style="list-style-type: none"> the financial risk level is documented and validated (by the 	<p>Principal Recipient submission due date: Within 3 months from the IP end date or the Closure Period end date, if the Closure Period is covered in the audit</p>	<p>Review by the LFA (if applicable).</p> <p>Review by:</p> <ul style="list-style-type: none"> Finance Specialist/PST, who validates the audit report based on the LFA review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above

Requirements	Timeline	Review and Approval ⁴²¹
<p>Regional Finance Manager) in the Integrated Risk Module as high or very high;</p> <p>b. the Grant Closure Budget is more than 10% of the grant budget or more than US\$ 1 million whichever is lower; and/or</p> <p>c. the previous audit report has a qualified opinion</p>		
Address Financial Commitments and Financial Obligations (within 6 months from the IP end date)		
<p>Pay outstanding Financial Commitments and Financial Obligations under the expiring grant</p>	<p>Within 6 months from the IP end date</p>	<p>Financial commitments outstanding after 6 months are reviewed by:</p> <ul style="list-style-type: none"> • Finance Specialist/PST • Fund Portfolio Manager. <p>The related Annual Funding Decision and Disbursement will be processed as an exception based on the <i>OPN on Annual Funding Decision and Disbursements</i> and upon the signature of a Final Payment Letter by:</p> <ul style="list-style-type: none"> • Regional Manager or Department Head; and • Regional Finance Manager.
Address Non-compliant Expenditures and Recoveries (within 9 months from the IP end date)		
<p>Address non-compliant expenditures and recoveries under the expiring grant</p>	<p>Within 9 months from the IP end date</p>	<p>Review and approval follows the Guidelines for Grant Budgeting and OPN on Recovery of Grant Funds⁴²⁴.</p>
Transfer Contracts		
<p>The best approach for managing existing contracts should have been agreed with the incoming Principal Recipient before the end of the IP</p>	<p>As soon as the incoming Principal Recipient is nominated</p>	<p>To be discussed and agreed between the outgoing and incoming Principal Recipient.</p>
Transfer Program Assets		
<p>Transfer Program Assets to incoming Principal Recipient and provide evidence to Global Fund</p>	<p>As soon as possible to be agreed with the incoming Principal Recipient</p>	<p>Review by the LFA (if applicable)</p> <p>Review by :</p> <ul style="list-style-type: none"> • HPM Specialist, who validates the reported information, based on the LFA's review (if applicable)

⁴²⁴ This is a Global Fund internal document and is not available publicly.

Requirements	Timeline	Review and Approval ⁴²¹
		<ul style="list-style-type: none"> Finance Specialist/PST, who validates the reported information, based on the LFA's review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above
C. Finalize Closure (within 7-12 months from the IP end date)		
Determine and Return Remaining Grant Funds		
<p>Submit and Validate the Financial Closure Report which includes the:</p> <ul style="list-style-type: none"> reconciliation report of the cash balances at the end of the IP, including the Closure Period; expenditures report for the Closure Period updated Financial Commitments and Financial Obligations as at the end of the IP <p>See Financial Closure Report Guidelines</p>	<p>Principal Recipient submission due date: Within 7.5 months from the IP end date</p>	<p>Review by the LFA</p> <p>Review by:</p> <ul style="list-style-type: none"> Finance Specialist/PST, who validates the reported information, based on the LFA review <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above
<p>Based on the Financial Closure Report:</p> <ul style="list-style-type: none"> return the final in-country cash balance under the closing grant to the Global Fund. address non-compliant expenditures from the Closure Period 	<p>Within 12 months from the IP end date</p>	<p>Remaining funds to be returned to the Global Fund are determined through the review and validation of the Financial Closure Report.</p>
Formalize Closure		
<p>The grant is:</p> <ul style="list-style-type: none"> 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 	<p>Within 12 months from the IP end date</p>	<p>Regional Manager or Department Head and Regional Finance Manager approve closure by signing a Notification Letter to be sent to the Principal Recipient.</p> <p>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.</p>

Requirements	Timeline	Review and Approval ⁴²¹
been sent to the Principal Recipient.		

19. **Transferring contracts.** It is the responsibility of the outgoing Principal Recipient⁴²⁵ 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.⁴²⁶
- 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.

⁴²⁵ Section 10.1 of the Grant Regulations

⁴²⁶ 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)⁴²⁷.

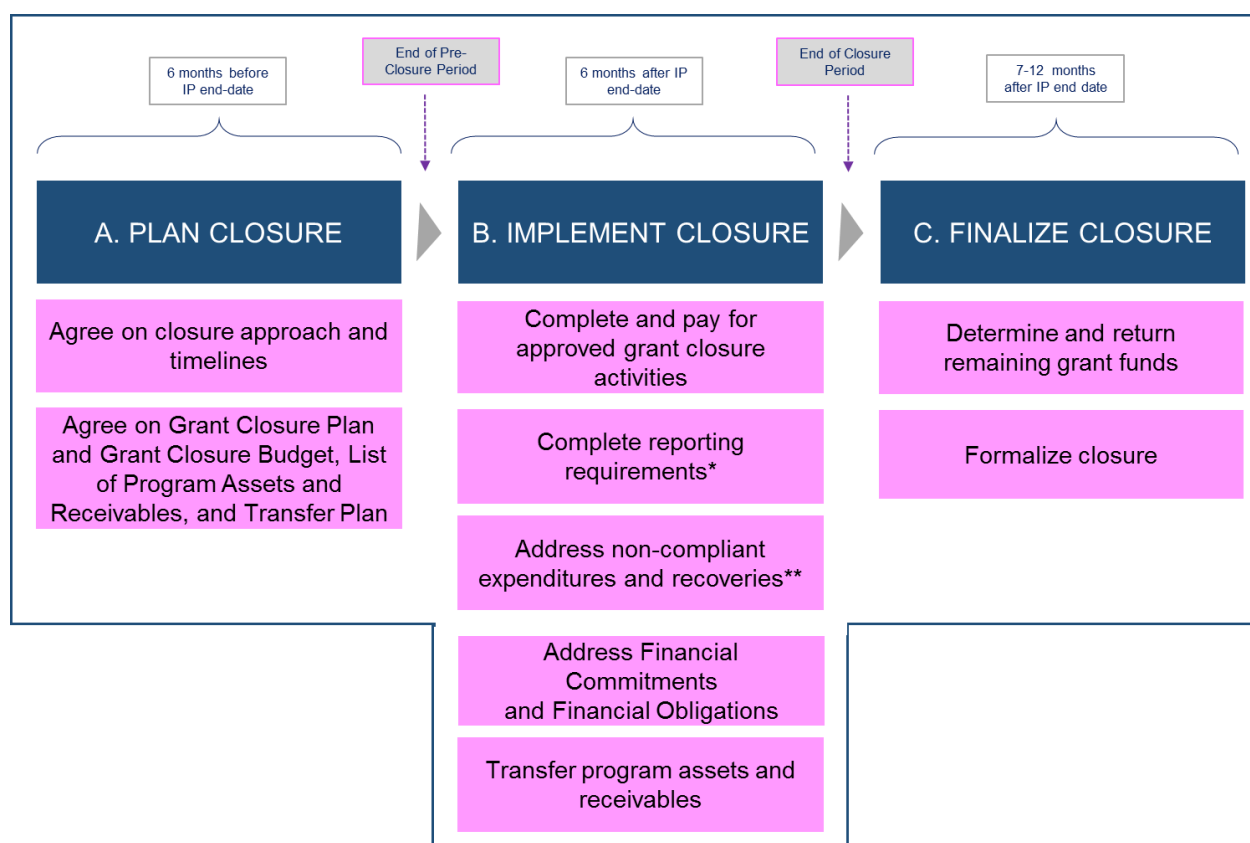
⁴²⁷ If approved in the Closure Plan and Budget.

SECTION C: GRANT CLOSURE DUE TO TRANSITION FROM GLOBAL FUND FINANCING

20. **Triggers.** This occurs when the CCM and/or the Global Fund decide:

- 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
- the Global Fund decides to no longer support a disease program or a component of the program; or
- a country decides to no longer access Global Fund support for a specific or all disease components.

21. **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:



* Except for the Financial Closure Report, and in specific cases⁴²⁸ 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.

⁴²⁸ 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.

Requirements	Timeline	Review and Approval⁴²⁹
A. Plan Closure (within 6 months before the IP end date)		
The Country Team prepares and shares with the Principal Recipient the Guidance letter on grant closure due to transition from Global Fund financing	6 months before the IP end date	Fund Portfolio Manager
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 Grant Closure Budget which includes: Grant closure activities to be implemented during the Closure Period and the required budget to conduct such activities	Principal Recipient submission due date: No later than 3 months from the IP end date	Review by the LFA (if applicable) Review and recommendation by: <ul style="list-style-type: none"> • Fund Portfolio Manager; • Finance Specialist/PST; • PHME and HPM Specialists, if programmatic activities will be completed during the Closure Period. 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.
List of Program Assets and Receivables and Transfer Plan: which includes the: <ul style="list-style-type: none"> • 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 • 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 Submitted together with the Grant Closure Plan and Grant Closure Budget	Principal Recipient submission due date: No later than 3 months before the IP end date	Review by the LFA (if applicable) Review by: <ul style="list-style-type: none"> • Fund Portfolio Manager • Finance Specialist/PST, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable) • HPM Specialist, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable) 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.
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	Principal Recipient submission due date: Within 2	Review by the LFA Review by:

⁴²⁹ 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.

Requirements	Timeline	Review and Approval ⁴²⁹
<p>IP (including any extensions) Includes:</p> <ul style="list-style-type: none"> the programmatic and financial progress report for the period from the last progress report to the IP end date the Annual Financial Report (AFR) for the period from the last AFR to the grant end date (including any extensions) <p>See PU/DR Guidelines</p>	<p>months from the IP end date</p>	<ul style="list-style-type: none"> Finance Specialist/PST, who validates the financial data based on the LFA review PHME Specialist, who validates the programmatic data, based on the LFA review HPM Specialist, who validates the procurement data, based on the LFA review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above
<p>Final Tax Report for the grant covering the last year of the IP (including any extensions)</p> <p>See PU/DR Guidelines</p>	<p>Principal Recipient Submission due date: 31 July</p>	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above
<p>Audit Report for the grant covering the last year of the IP (including any extensions).</p> <p>The Closure Period must be covered in the audit <u>only</u> in the following cases:</p> <ol style="list-style-type: none"> the financial risk level is documented and validated (by the 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 	<p>Principal Recipient submission due date: Within 3 months from the IP end date or after the Closure Period end date if the Closure Period covered in the audit</p>	<p>Review and recommendation by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> Finance Specialist/Portfolio Services Team (PST), who validates the audit report, based on the LFA's review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> Fund Portfolio Manager, who approves based on the above
<p>Address Financial Commitments and Financial Obligations (within 6 months from the IP end date)</p>		
<p>Pay outstanding Financial Commitments and Financial Obligations under the expiring grant as of the IP</p>	<p>Within 6 months from the IP end date</p>	<p>Financial Commitments outstanding after 6 months are reviewed by:</p> <ul style="list-style-type: none"> Finance Specialist/PST Fund Portfolio Manager.

Requirements	Timeline	Review and Approval ⁴²⁹
end date		<p>The related Annual Funding Decision and Disbursement will be processed as an exception based on the <i>OPN on Annual Funding Decision and Disbursements</i> and upon the signature of a Final Payment Letter by:</p> <ul style="list-style-type: none"> • Regional Manager or Department Head • Regional Finance Manager.
Address Non-compliant Expenditures and Recoveries (within 9 months from the IP end date)		
Address non-compliant expenditures and recoveries under the expiring 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 ⁴³⁰
Transfer Program Assets		
<p>Evidence of program asset transfer Evidence that all Program Assets were transferred or disposed in line with the approved Transfer Plan</p>	Within 6 months from the IP end date	<p>Review by the LFA (if applicable)</p> <p>Review by :</p> <ul style="list-style-type: none"> • 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) <p>Approval by:</p> <ul style="list-style-type: none"> • Fund Portfolio Manager, who approves based on the above
C. Finalize Closure (within 7-12 months from the IP end date)		
Determine and Return Remaining Grant Funds		
<p>Submit and validate the Financial Closure Report which includes the:</p> <ul style="list-style-type: none"> • 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 <p>See Financial Closure Report Guidelines</p>	Principal Recipient submission due date: Within 7.5 months from the IP end date	<p>Review by the LFA</p> <p>Review by:</p> <ul style="list-style-type: none"> • Finance Specialist/PST, who validates the reported data, based on the LFA's review <p>Approval by:</p> <ul style="list-style-type: none"> • Fund Portfolio Manager, who approves based on the above
<p>Based on the financial closure report:</p> <ul style="list-style-type: none"> • 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.

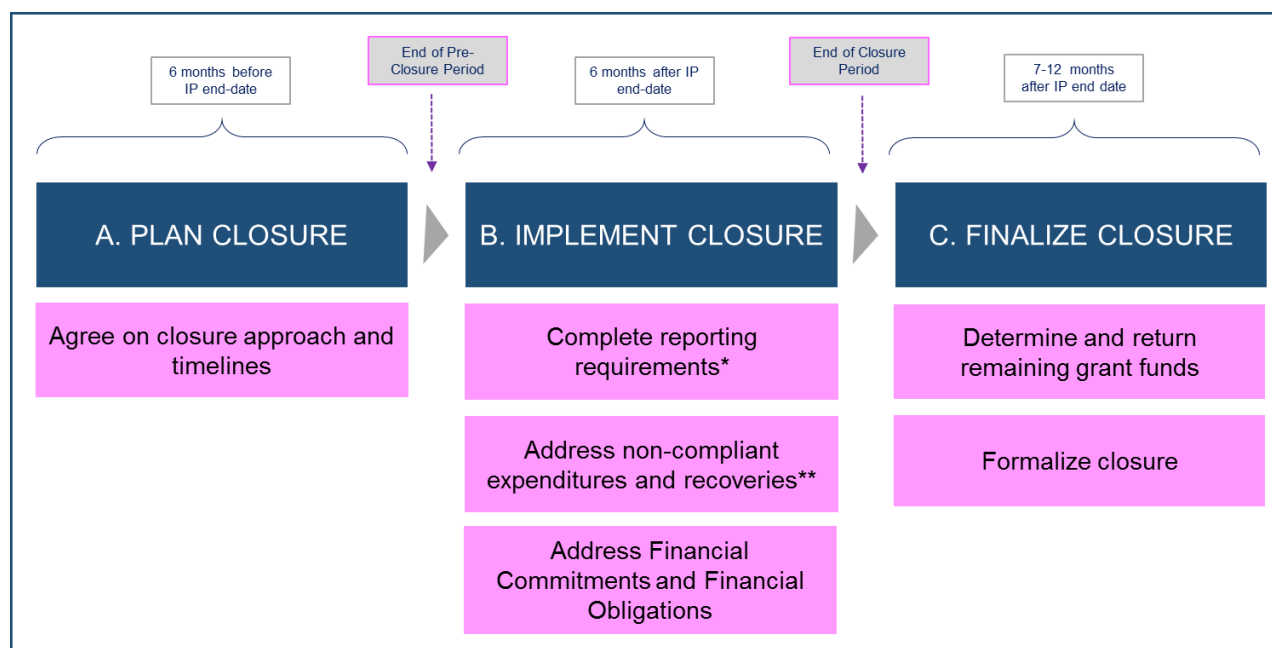
⁴³⁰ This is an internal Global Fund document.

Requirements	Timeline	Review and Approval ⁴²⁹
under the closing grant to the Global Fund. <ul style="list-style-type: none"> • address non-compliant expenditures from the Closure Period 		
Formalize Closure		
The grant is: <ul style="list-style-type: none"> • financially closed when all steps and requirements have been considered fulfilled or waived by the Global Fund • administratively closed when the notification letter has been sent to the Principal Recipient 	Within 12 months from the IP end date	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.

SECTION D: GRANT CLOSURE DUE TO CONSOLIDATION

22. **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).

23. **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.



* Except for the Financial Closure Report, and in specific cases⁴³¹ 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.

Requirements	Timeline	Review and Approval ⁴³²
A. Plan Closure (6 months before the IP end date)		
The Country Team prepares and shares the Guidance Letter on grant closure due to consolidation with the Principal Recipient	6 months before the IP end date or as soon as the grant consolidation decision is taken	Fund Portfolio Manager

⁴³¹ 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.

⁴³² 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.

Requirements	Timeline	Review and Approval ⁴³²
B. Implement Closure (within 6 months from the IP end date)		
Complete Reporting Requirements		
<p>Final Progress Update for the Grant covering the last year of the IP (including any extensions) which includes the:</p> <ul style="list-style-type: none"> • programmatic and financial progress report for the period from the last progress report to the IP end date • Annual Financial Report (AFR) for the period from the last AFR to the IP end date (including any extensions) <p>See PU/DR Guidelines</p>	<p>Principal Recipient submission due date: Within 2 months from the IP end date</p>	<p>Review by the LFA</p> <p>Review by the Country Team:</p> <ul style="list-style-type: none"> • Finance Specialist/Portfolio Services Team (PST), validates the financial data based on the LFA review • Public Health and Monitoring and Evaluation (PHME) Specialist, validates the programmatic data based on the LFA review • Health Product Management (HPM) Specialist, validates the procurement data based on the LFA review <p>Approval by:</p> <ul style="list-style-type: none"> • Fund Portfolio Manager approves based on the above
<p>Final Tax Report for the grant covering last year of the IP (including any extensions)</p> <p>See PU/DR Guidelines</p>	<p>Principal Recipient submission due date: 31 July</p>	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> • Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable) <p>Approval by:</p> <ul style="list-style-type: none"> • Fund Portfolio Manager, who approves based on the above
<p>Audit Report for the grant covering the last year of the IP (including any extensions).</p>	<p>Principal Recipient submission due date: Within 3 months from the IP end date</p>	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> • Finance Specialist/PST validates the audit report based on the LFA review (if applicable) <p>Approval by:</p> <p>Fund Portfolio Manager approves based on the above</p>
Address Financial Commitments and Financial Obligations		
<p>If consolidation happens at the IP end date, Financial Commitments and Financial Obligations must be settled under the closing grant.</p>	<p>Within 6 months from the IP end date</p>	<p>Financial Commitments outstanding after 6 months are reviewed by:</p> <ul style="list-style-type: none"> • Finance Specialist/PST; and • Fund Portfolio Manager. <p>The related Annual Funding Decision and Disbursement will be processed as an exception</p>

Requirements	Timeline	Review and Approval ⁴³²
If consolidation happens mid-implementation, Financial Commitments and Financial Obligations are transferred to the new combined grant		based on the <i>OPN on Annual Funding Decision and Disbursements</i> and upon the signature of a Final Payment Letter by: <ul style="list-style-type: none"> • 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 ⁴³³ .
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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Finance Specialist/PST, who validates the reported data, based on the LFA's review Approval by: <ul style="list-style-type: none"> • Fund Portfolio Manager, who approves based on the above

⁴³³ This is an internal Global Fund document.

Requirements	Timeline	Review and Approval ⁴³²
<p>Return Remaining Grant Funds based on Financial Closure Report:</p> <p>If consolidation happens at IP end date, the final in-country cash balance is deducted from the grant amount for the new combined grant.</p> <p>If consolidation happens mid-implementation, the final in-country balance is transferred to the combined grant.</p>	<p>Within 12 months from the IP end date</p>	<p>Remaining funds to be deducted or transferred are determined through the review and validation of the Financial Closure Report.</p>
Formalize Closure		
<p>The grant is:</p> <ul style="list-style-type: none"> • financially closed when all steps and requirements have been considered fulfilled or waived by the Global Fund • administratively closed when the notification letter has been sent to the Principal Recipient 	<p>Within 12 months from the IP end date</p>	<p>Regional Manager or Department Head and Regional Finance Manager, approve grant closure by signing a Notification Letter to be sent to the Principal Recipient.</p> <p>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.</p>

MONITORING AND REPORTING

24. The ongoing closure processes will be monitored by the Grant Portfolio Solutions and Services Department.
25. The following data points will be monitored:
 - j. Closures initiated and completed;
 - k. Types of closure;
 - l. Number of grants for which the initial closure period was extended;
 - m. Approach used for the IP Reconciliation or Grant Closure (full or with exceptions to the requirements);
 - n. Closure Status. This includes the timeline from IP end date to date when grant is assigned “Financially Closed” and “Administratively Closed” status; and
 - o. Amount returned to the Global Fund at grant closure.

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-balance⁴³⁴, 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:

⁴³⁴ 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)

CT and Regional Manager sign off: _____

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 another⁴³⁵. 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.

⁴³⁵ 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.

Type	Financially Closed	Administrative Closure
Consolidation	Immediately, with the signature of the new grant	6 months
Change in PR	Three months*	3 months following the submission of the Audit Report*
“Transition”	6 months	12 months*

* 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 PR⁴³⁶ 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.⁴³⁷
- 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

⁴³⁶ Article 10.1 of the Grant Regulations.

⁴³⁷ 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 activities⁴³⁸ 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.
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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 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 timelines⁴³⁹. 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

⁴³⁹ 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)⁴⁴⁰*: 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.

MONITORING AND REPORTING

⁴⁴⁰ 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:

Seq. No	Actors	Process Description	Output
Closure			
1.	PR and CT	New grant negotiated with PR	grant agreement for continuing NFM grant
2.	CT	Existing grants closed through signature of new grant	
3.	PR	Reporting requirements completed	
4.	CT	CT updated systems to reflect final results reported by the PR; GF systems updated to financial and administrative closure and fully closed grant	

Closure due to change in PR

Seq. No	Actors	Process Description	Output
Closure			
1.	CT	CT provides PR with guidance on grant closure 6 months before grant end date [with differentiation if applicable]	Grant closure guidance document from CT
2.	PR	PR proposes grant closure/ transfer arrangements/budget	Transfer plan
3.	CCM	CCM endorses transfer plan and arrangements/budget	
4.	LFA	LFA reviews transfer plan, where relevant	
5.	CT	CT reviews and approves plan	
6.	CT	Prepares implementation letter signing the grant closure plan and budget into the grant agreement authorizing activities after the grant end date.	
7.	PR	PR implements transfer /closure plan	
8.	PR	Sends back refunds, Submits final reports	
9.	CT	CT sends final notification letter informing of closed grant	Notification letter
10.	CT	CT updated systems to reflect final results reported by the PR; GF systems updated to financial and administrative closure and fully closed grant	

Closure due to Transition:

Seq. No	Actors	Process Description	Output
Closure			
1.	CT	CT provides PR with guidance on grant closure 6 months before grant end date [with differentiation if applicable]	Grant closure guidance document from CT
2.	PR	PR proposes grant closure plan and arrangements/budget	Grant closure plan and budget
3.	CCM	CCM endorses closure plan and arrangements	
4.	LFA	LFA reviews closure plan, where necessary	
5.	CT	CT reviews and approves plan	
6.	CT	Prepares implementation letter signing the grant closure plan and budget into the grant agreement authorizing activities after the grant end date.	
7.	PR	PR implements closure plan	
8.	PR	Sends back refunds, Submits final reports	
9.	CT	CT sends notification letter informing of closed grant	
10.	CT	CT updated systems to reflect final results reported by the PR; GF systems updated to financial and administrative closure and fully closed grant	