



The Global Fund Guidelines for Grant Budgeting

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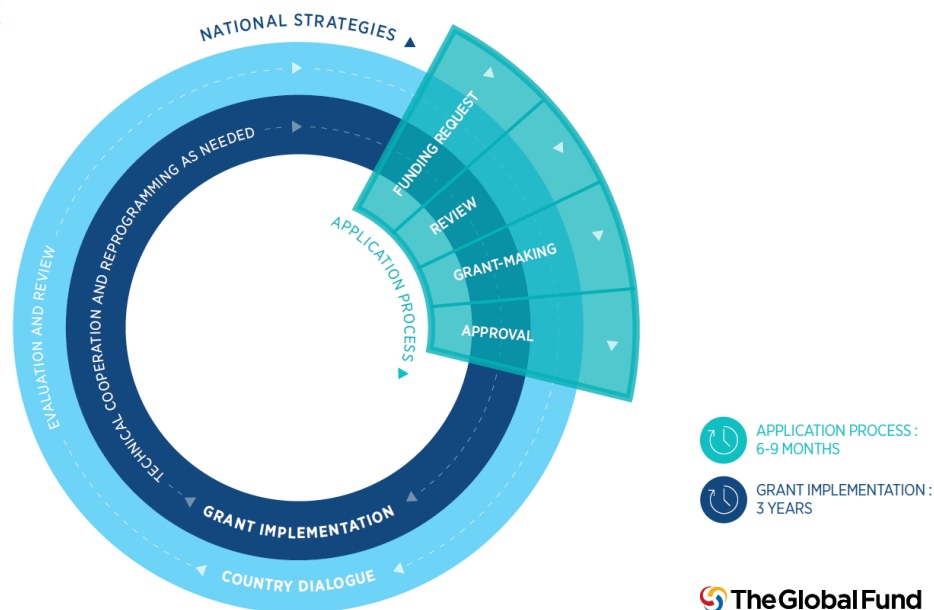
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1 Introduction

1. The purpose of the Global Fund is to attract, manage and disburse additional resources to fight AIDS, tuberculosis and malaria.
2. The Global Fund allocation-based funding model is designed to enable strategic investment for maximum impact, by focusing resources on those countries that have the highest disease burden and lowest ability to pay. It provides implementers with flexible timing, alignment with national strategies and predictability on the level of funding available. There is active engagement with implementers and partners throughout the funding application and grant implementation processes to ensure greater global impact.
3. The diagram below outlines the funding cycle. More information on the stages of the funding cycle is available on the [Funding Model](#) page of the Global Fund website.

FUNDING CYCLE



4. There are also resources available to support applicants and partners in understanding the relevance of the stages of the funding cycle. These include e-learnings, frequently asked questions documents, information notes and strategic investment guidance. These and other resources are available on the [Applying for Funding](#) page of the Global Fund website.

1.1 Purpose and scope

5. These guidelines have been prepared based on the Global Fund's financial control requirements and aims to:
 - ensure implementers understand the Global Fund's financial policies and procedures, and implement them in a consistent manner;
 - enhance clarity in financial decision-making;
 - strike a better balance between flexibility on the one hand and efficiency, transparency and accountability on the other; and
 - establish clearer eligibility criteria for grant expenditures.
6. The guidelines set forth the Global Fund's financial requirements for all stakeholders involved in the development, review and implementation of the Global Fund program¹ budgets and specific grant budgets funded by the Global Fund. This includes the Technical Review Panel (TRP), the Global Fund Secretariat

¹ This includes Resilient and Sustainable Systems for Health, Grant Funds from catalytic investments.

(Secretariat), Local Fund Agents (LFAs), Country Coordinating Mechanisms (CCMs)², Principal Recipients (PRs), other grant implementers, suppliers, agents and technical assistance providers.

7. The guidelines should be used in conjunction with the [Operational Policy Manual](#). The Operational Policy Manual provides an operational framework for managing Global Fund grants³, whereas these guidelines provide more in-depth guidance on the core financial requirements for budgeting.

8. The principles outlined apply to: (1) Global Fund grant budgeting, (2) grant budget revisions.

9. Please see the Country Coordinating Mechanism Funding Policy for full details on the Country Coordinating Mechanism funding applications.

10. These guidelines should be used in conjunction with the guidelines for the country dialogue and for funding request development to help in preparing the information which will support strategic investment decisions and the modular budget template. Furthermore, these guidelines should also be read in conjunction with the pertinent clauses of the relevant grant agreement governing the grant.

11. Local Fund Agents and any Global Fund assurance provider should use these guidelines to inform their work on the implementers' capacity assessment, budget review, expenditure verification, and to complement the Global Fund tools and guidelines at their disposal.

12. In case of any conflict between the provisions set out in the relevant grant agreement and these guidelines, the specific clauses of the grant agreement shall take precedence.

1.2 Structure of the guidelines

13. These guidelines are broken down into five distinct areas, with additional specific budgeting guidance. They establish the broad requirements in order for Global Fund grants to meet their budgeting, monitoring and financial reporting obligations. The sections are as indicated below:

Section 2	General guidance
Section 3	Budgeting mechanisms
Section 4	Financial reporting
Section 5	Eligibility of grant expenditures and recovery process
Section 6	Specific budgeting and costing guidance
	Appendices

² May be a Regional Coordinating Mechanism (RCM), a Regional Organization (RO) or other application coordinating mechanisms.

³ The term "grants" as used throughout these guidelines refer to both grants awarded under the rounds-based funding model and those approved under the allocation-based model.

1.3 Sustainability and Cost Effectiveness

14. As sustainability is one of its guiding principles, the Global Fund has implemented and is prepared to support countries in a number of policies to improve the long-term viability of the programs it finances. These policies are designed to: (1) encourage national planning, (2) identify how domestic resources (financial and programmatic) will increase over time, and (3) achieve sustainability and country ownership. The Global Fund is looking to incorporate principles of financial and programmatic sustainability into its grant-making processes. To encourage sustainability, the Global Fund supports countries to increase investments in strategic areas through the co-financing requirement, such as:

- scale up coverage of key interventions (example: drugs, commodities, interventions targeting key populations);
- recurrent costs such as human resources and absorption of existing donor support in this area;
 - co-financing of specific Global Fund support, for example,
 - in-country storage and distribution costs of drugs and commodities
- costs related to mass distribution of long-lasting insecticidal net campaigns;
- investments in health systems that directly benefit Global Fund-supported programs.

15. In designing sustainable and optimal health programs, it is recognized that program management costs constitute a critical part of the interventions required to maximize impact. The program design needs to be an integral part of the investments framework to enhance cost effectiveness and value for money to drive health outcomes and programmatic impact taking into account:

- a. cost-effective programmatic activities targeted by evidence to the right geographies, ages, key populations;
- b. efficient and lean implementation model (number and types of implementers/service providers);
- c. sustainable human resources costing, including salary and benefit policies, and management structure;
- d. prudent budgeting of administration costs, including consultants and travel; and
- e. cost-effective risk and assurance model, such as implementer assurance (to the extent that its quality, independence and scope of work has been assessed and deemed sufficient to be relied upon), external and internal audit or fiscal agent costs.

16. The Principal Recipient and sub-recipients should include in the budget relevant costs to ensure proper management, risk mitigation and assurance as part of their overall program management. Program management costs should be appropriate to the risk and context of the program, and represent a balance between optimizing essential services and programmatic needs, while ensuring management support required to deliver the results.

17. While the Global Fund does not prescribe a specific proportion that program management costs should constitute within the overall funding allocation, it should be comparable to similar programs in similar country contexts. Principal Recipients should seek relevant benchmarks from partners and other donors, and approach the Global Fund to understand the expectations in regard to the proportion of program management costs in relation to the whole program, given country specific risks and challenges.

18. Generally, program management costs, their proportion and composition reflecting program implementation structure and risk management model should be discussed at the Country Coordinating Mechanism meeting prior to the funding request submission to the Global Fund. The funding request shall provide an explanatory note justifying the value of the overall program management.

19. In terms of the cost groupings, program management costs can include the following types of costs as relevant to the implementation of the Global Fund program, at the level of Principal Recipients and sub-recipients:

- Human resources (excluding the cost input “1.2 Salaries – outreach workers, medical staff and other service providers”)
- Travel-related costs
- External professional services
- Non-health equipment
- Indirect and overhead costs

1.4 Amendments to the budgeting guidelines

20. These guidelines amend and restate the previous Global Fund Guidelines for Grant Budgeting and Annual Financial Reporting issued by the Global Fund in August 2014.

21. The revised guidelines provide all stakeholders involved in the implementation and/or verification/audits of Global Fund grants with guidance and information on the following topics:

- budgeting using the modular approach and costing dimension
- financial principle (assignment of financial commitments and financial obligations) when moving from one allocation period to the next
- treatment of in-country cash balance
- management of foreign exchange and payment currencies, and impact on budgeting
- disclosure of tax in budgeting
- documents recommended to support budget assumptions
- more detailed guidance on budgeting for specific budget cost categories
- treatment of salary top-ups and incentives
- material and non-material budgetary revisions
- financial reporting principles and scope
- eligibility of grant expenditure
- recovery process

2 General Guidance

22. The allocation-based funding model uses a modular approach and costing dimension that enhances matrix reporting and the linkage between programmatic and financial information. Interventions and activities are defined in the modular approach and the cost groupings and cost inputs in the costing dimension (budgeting framework).

23. The budgeting framework enhances overall efficiency, improves consistency and quality of data across the grant portfolio, and provides the Global Fund and all stakeholders a greater visibility on interventions and cost drivers related to investments.

24. The modular approach and costing dimension provides information about the physical output of grant interventions and the estimated costs of these interventions. This integrated approach allows for strengthened tracking of budget versus expenditure data and facilitates alignment/harmonization to partners and country data systems. It also serves as a medium for communicating information to the Country Coordinating Mechanism, government, oversight and assurance providers and any other interested stakeholders.

25. Grant interventions/activities to be undertaken under Global Fund-supported programs must be adequately planned and specific enough to be integrated into the overall planning and budgeting processes. A thorough process for identifying, implementing and evaluating actions required to achieve the strategic goals and objectives ought to be based on prudent and acceptable interventions informed by the most recent data available. It should take into account the needs and anticipated strategic impact of the grant on the disease component.

26. A costed activity plan, as reflected in the modular approach and costing dimension, is a quantitative and monetized expression of a set of actions, prepared in advance of their implementation, which helps the implementers to allocate resources and set realistic goals for each defined period of the grant lifecycle.

27. Consequently, it provides a basis for monitoring programmatic and financial performance, and for identifying areas that require corrective actions. Moreover, it establishes a consistent methodology for control, including tracking absorption through the variance between budgeted, forecasted and actual costs for all Global Fund-supported interventions by disease component.

28. As part of the funding request submission and grant-making process, the applicant and Principal Recipient(s) are required to provide the Global Fund visibility on government and other partner funding toward the disease program and interventions. This is captured as part of the funding landscape analysis submitted in the funding request and/or during grant making.

2.1 Budgeting and funding principles

2.1.1 Budgeting principles

29. Funding requests to the Global Fund shall be based on national strategic plans, which should reflect general principles on the allocative efficiency of investments within programs, namely that:

- cost-effective and evidence-based interventions have been selected (among various options) as suitable to country context;
- interventions are prioritized given limited resources; and
- investments are optimally allocated across interventions, geographies, gender, key populations, age bands, and other factors to achieve maximum health impact.

30. The costing approach and systems underpinning Global Fund grants provide relevant information and analysis to support strategic investments for increased impact, value for money, performance evaluation, planning and investment decisions. Budgets⁴ should therefore:

⁴ The Global Fund budgets should generally be developed using cash basis on the implementation of activities.

- facilitate a strong link between historical trends, outputs and outcomes;
- have transparent and verifiable definitions and sources of data (qualitative and financial), and methods for calculating costs;
- be based on existing national, institutional policies and follow best practices in local markets;
- be consistent and enable comparison of costs over time;
- reflect the balance between the benefits of better information and the costs of obtaining it: the design, implementation, and continuous improvement of costing methods, data collection, and systems should reflect this balance.

31. Budgets should be presented with the following attributes, which together determine the reasonableness of individual budget lines and the total grant budget. The budget should:

- be consistent with the strategic direction to maximize impact and programmatic targets;
- reflect a realistic rate of utilization of funds, taking into consideration absorption capacity of the Principal Recipient and other grant implementers (including procurement and other deliverable lead-times);
- ensure the economy, efficiency and effectiveness (value for money⁵) and prioritization of interventions that drive health outcomes;
- be consistent with the funding request and reflect any Technical Review Panel and Grant Approvals Committee-required adjustments;
- be built on budget categories defined by the Global Fund (see Appendix 1);
- include any requirements mandated by the Global Fund Board (for example, inclusion of Green Light Committee fees for approved multidrug-resistant TB programs);
- clearly identify reasonable quantities and unit prices;
- ensure complementarity with other sources of funding (other donors, government subsidies, and other sources) and avoid duplication.

32. The Global Fund only supports health interventions that are directly or indirectly linked to the fight against AIDS, tuberculosis and malaria (including related RSSH activities). The grants will only pay for the reasonable cost of interventions considering the context, need to enhance impact and need to maximize cost efficiency. Where any intervention is deemed by the Global Fund to be above reasonable cost, the Global Fund may fund only the amount considered reasonable and it may adjust the grant budget accordingly.

33. The budget must be denominated in either euros (€) or U.S. dollars (US\$) as agreed between the Global Fund and the applicant.

34. The budget should be prepared using the different payment currencies of each budget line, i.e. the currency(ies) in which the budgeted item will be invoiced and/or paid. The currencies should then be converted into the grant currency at an appropriate exchange rate (see the section 2.3 “Foreign Exchange” for more guidance).

35. Budgets should include not only costs for program activities but also take into consideration any relevant income generated through activities and on program assets⁶. Best estimates for anticipated miscellaneous revenues should also be reflected in the budget when requesting funding. The related flow of funds and reporting mechanism should also be described.

36. The applicant and Principal Recipients as part of the program design need to ensure that sufficient planning is in place for the effective completion of activities and interventions during the implementation period as stipulated in the grant agreement.

⁵ “Value for money” means (1) economy - minimizing the cost of resources (“doing things at a low price”), (2) efficiency - performing tasks with reasonable effort (“doing things the right way”, often measured as cost per output), (3) effectiveness - the extent to which objectives are met (“doing the right things”, often measured as cost per outcome).

⁶ These include, but are not limited to, the following: income from interest-bearing bank accounts, revenue from the sales of health products, microloan interest and any other service fees planned to be received.

37. Miscellaneous revenues not budgeted must still be reported as stipulated in the grant agreement. Such revenues may be used only for program purposes and planned expenditures, and must be pre-approved in writing by the Global Fund.

38. The Global Fund discourages creation of Global Fund-specific policy documents by implementers for overall financial management and systems (including budgeting and cost management). However, in case of divergence between Global Fund policies and procedures and an implementer's existing policy framework, Global Fund policies take precedence over domestic policies and procedures, with respect to Global Fund financing, unless otherwise stated in the grant agreement.

2.1.2 Funding principles

39. The Global Fund has been implementing an allocation-based funding model since 2014. The allocation amounts for all countries are determined primarily based on disease burden and income level⁷. For more information, please see the [Operational Policy Manual](#), Section 2.1: OPN on Annual Funding Decisions and Disbursements.

40. **Allocation:** The allocation is the initial upper ceiling of funding made available by the Global Fund for each eligible country for the applicable allocation utilization period, in line with the allocation methodology⁸.

41. **Allocation utilization period:** The allocation utilization period is defined per disease component and covers the three-year period per component during which the country allocation can be utilized to implement programs.

42. **Timing and use of funds:** The allocation amount for each eligible disease component represents the funding that can be used over the relevant three-year allocation utilization period. Any remaining funds from an existing grant, unused by the start of the indicated allocation utilization period, **will not be additional to the allocation amount**.

43. **Funding request:** To access the allocation amount, funding requests must be developed through inclusive and evidence-informed country dialogue and be based on national disease strategies and health plans. Customized application materials for each country are provided by the Fund Portfolio Manager. Following the program split decision, applicants are expected to submit a funding request for the allocation amount. Applicants are also encouraged to include a prioritized and costed request for funds above the allocation amount (the prioritized above allocation request). This will ensure that any additional funds that may become available during the allocation period, including savings identified in grant-making, can more easily be invested in technically sound interventions.

44. In preparation for funding request development, the applicant will need to be aware of the total funding available from the Global Fund (upper ceiling, including potential matching funds where relevant). The Country Team will be able to provide the applicant with a breakdown of the allocation amount if needed, based on the program split as determined by the Country Coordinating Mechanism and approved by the Global Fund.

45. There may be a need to extend an existing grant due to delays in the submission, clarification and approval of funding requests or final grant documents, to avoid disruption of services. In such instances, the extension will be an integral part of the new allocation utilization period funding and will therefore consume funds and time from the new allocation utilization period and proportionately reduce the remaining duration of and funding for the next grant.

⁷ More information is available on the [Funding Model](#) page of the Global Fund website.

⁸ Annex 1, [Allocation Methodology 2017-2019, GF/B35/05 Revision 1](#)

2.2 Transition between allocation utilization periods and treatment of in-country cash balances

46. For Global Fund purposes, in-country cash balance is defined as unutilized funds at grant implementation level. This include funds with the Principal Recipient, sub-recipient, other grant implementer, procurement agents and any other advances for which the goods/services have not been delivered by the end of the grant implementation period.

2.2.1 Transition between allocation utilization periods

47. The 2014-16 allocation can be used for activities that were budgeted, approved and completed during the allocation utilization period associated with the country's 2014-16 allocation – regardless of whether the payment for such activities has occurred. The below principles must be applied:

- a. **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 (all or partial). Financial commitments existing at the end of an allocation utilization period can be paid from that period's allocation (via available cash balance or a disbursement from the Global Fund) and must be liquidated no later than six months after the end of the grant implementation period (unless otherwise agreed by the Global Fund).
- b. **Financial obligations** are current contractual obligations to pay an agreed amount of cash (i.e., as per signed contract and/or purchase order) to a third party for the provision of goods/services at a certain point of time in the future, i.e., the goods or services are yet to be received. Financial obligations existing at the end of an allocation utilization period cannot be paid from that period's allocation and have to be transferred and included in the budget of a new grant or an extension, to be covered by funds from the next allocation⁹.

48. Therefore all financial commitments existing at the end of the current allocation utilization period will be paid from with the current allocation, while financial obligations existing at the end of the current allocation utilization period will be funded from the next allocation. Generally, these amounts will therefore need to be considered in the negotiation of the next grant and need to be included in the budgeting and programmatic planning for next allocation utilization period.

49. In certain l cases, payments relating to goods and/or services delivered after the end of an allocation utilization period may be considered financial commitments to be funded from that allocation utilization period, where the following criteria are met:

- the implementing entity has placed the order(s) for the goods or services at issue with adequate consideration for relevant lead times such that the goods or services were expected to be delivered before the end of the allocation utilization period;
- the delivery of the goods or services is delayed for reasons beyond the implementing entity's control; and
- the delivery of the goods or services is completed within maximum 90 days of the allocation utilization period end date.

50. Cases meeting the above criteria will be assessed by the Global Fund for final determination of the appropriate allocation from which such payments should be funded.

⁹ The Global Fund may also apply a one-time flexibility to facilitate the transition between the 2014-2016 and 2017-2019 allocation periods for certain countries identified by the Global Fund.

2.2.2 Treatment of in-country cash balance

51. Six months after the start of the new implementation period¹⁰, Principal Recipients will be required to report the final available cash balance from the previous allocation period (after all financial commitments are fully paid). Any unliquidated commitment remaining at the end of the six-month period will be considered closed by the Global Fund unless otherwise approved in writing by the Global Fund.

52. In the signing and/or modification of grant agreements, final in-country cash balances amount may be deducted from the grant funds amount of the new grant as stipulated in the grant confirmation. Consequently, in-country cash balances from previous implementation period may affect future disbursement decisions.

53. For in-country cash balances relating to: (1) recoverable amounts (Office of the Inspector General or otherwise), or (2) grants in closure or already closed prior to the allocation period, the Principal Recipient is required to reimburse the cash balance directly to the Global Fund, unless otherwise approved in writing by the Global Fund.

54. Detailed guidance is available to countries to guide them through transition from the old to the new allocation funding and relevant budgeting and reporting requirements.

2.3 Foreign exchange

55. Budgets of Global Fund grants are denominated in either U.S. dollars (USD) or euros (EUR), depending on the allocation currency. However, each budget line is to be prepared in the currency in which the payment will be made. Payment currency can be the grant currency, the local currency or a currency other than the grant currency. As parts of grant expenditure may be incurred in local currency or non-grant currency, the grant could be exposed to significant currency exposure from budget approval to grant implementation and grant closure.

56. The purpose of this section is to provide guidance on foreign exchange matters throughout the grant lifecycle, with a focus on the budgeting phase.

2.3.1 Allocation currency: grant currency denomination

57. The allocation currency is the currency in which each country allocation is denominated. An allocation currency is set individually for each country allocation¹¹. The allocation currency is either the U.S. dollar or the euro and is fixed for the relevant allocation period. The initial allocation currency is communicated in the allocation Letter.

58. The choice of allocation currency takes into account the expected foreign exchange exposure arising from grant activities, notably based on the financial and monetary situation of each country. Most notably, in principle, it is expected that the EUR will be the allocation currency for countries with a local currency at a fixed, or otherwise stable, exchange rate with the EUR, such as the Swiss franc. In other cases, such as where the local currency has a fixed exchange rate to the U.S. dollar, or where the local currency is floating freely against other currencies, the allocation currency is expected to be USD.

59. The allocation currency may only be changed upon a justified request of the implementing Country Coordinating Mechanism, and upon formal written approval of the Global Fund treasury department¹².

60. The funding request(s) and the resulting grants(s) are denominated in the same currency as the allocation currency under which they are funded.

¹⁰ Or extension

¹¹ Or for regional grants

¹² A possible reason for change would be a sudden and substantial change in a country's monetary environment or policy.

61. In the exceptional situation of a change of allocation currency between two allocation periods, the Principal Recipient should complete an existing grant in that grant's currency and should switch to the new allocation currency for the signing of a new implementation period.

62. In-country cash balances should be converted using the spot rate at the date of the end of the existing implementation period as follows:

- Local currency bank balances: should be maintained in the local currency and there is no physical conversion required. For reporting purposes, implementers should use the same spot rate (spot rate as of the date of the end of the implementation period) for both the last progress update/disbursement request and opening cash balance of the new grant;
- Grant currency bank balances: the bank should be requested to convert and transfer the balance from the old grant currency to the new grant currency, or returned to the Global Fund if the exchange rate offered is unfavorable.

63. Once the allocation currency has been approved by the Global Fund, it is valid for the entire allocation period.

2.3.2 Budget preparation currency

64. As a general practice, Global Fund grant budgets should be prepared using the different currency denominations of each budget line (i.e. the currencies in which the budgeted item will be invoiced and paid) converted, where needed, to the currency of the grant agreement at an appropriate exchange rate.

65. Items should not be budgeted for directly in the currency of the grant if the underlying transaction will be in the local currency, e.g., local currency-based salaries should be budgeted in local currency and then converted into the grant currency for budgeting purposes.

66. Any inflation factor should take into account the currency denomination of the budget item (local currency-denominated items may require a different rate of inflation to foreign currency-denominated items). The relationship between the two variables – exchange rate and inflation rate – should be described in the general budget assumptions and supported by adequate documentation from the Ministry of Finance, the Central Bank, and/or the International Monetary Fund.

2.3.3 Application of exchange and inflation rates

67. The exchange rate used in the budget should be that which, based on available information, reflects the best estimate of the rate at which the Principal Recipient will exchange their grant currency into local currency over the term of the grant. The method and/or references used should be fully disclosed in the general budget assumptions. No reserve for exchange rate variations may be included in the budget.

68. Where the grant is operating under the arrangement that disbursements in certain currencies are made at a reference rate, this rate should be used for budgeting purposes. This arrangement and the rate should be explicitly confirmed by the Global Fund's treasury department for each individual grant during grant making.

69. In other cases, the Global Fund strongly recommends using a 200-day exponential moving average as a foreign exchange rate for budgeting purposes. This provides a sufficiently long historical pricing series, weighted toward the current date. If requested, the Global Fund will supply implementers with information on foreign exchange rates using this methodology. Provided the documented foreign exchange rate used in the budget is approximately in line with the Global Fund-recommended rate, it is acceptable for grant budgeting purposes.

70. Given the impossibility of reliably predicting the future path of floating exchange rates, it is acknowledged that there will always be differences between budgeted and actual foreign exchange rates.

71. If (1) an important exogenous event takes place after the budget is prepared and/or approved (e.g., a managed devaluation of the currency) which results in a marked and lasting change/trend in the foreign

exchange rate at which the Principal Recipient can expect to make foreign exchange transactions under the grant, or (2) short-term foreign exchange volatility increases (i.e. changes in rates of more than 10 percent in a short time span), then the Global Fund recommends using an updated exponential moving average so as to provide a more reasonable exchange rate for the grant budget¹³. The change of the budget exchange rate must be approved by the Global Fund in writing via an official letter.

72. Budgetary gains arising from a change in foreign exchange rate assumptions, or from differences between the exchange rate assumptions and the actual exchange rate, cannot be used for reprogramming or budgetary adjustments without prior Global Fund approval.

73. If the country's exchange rate is fixed or managed by the domestic authorities, the budget should follow the given official fixed rates. Where there is a parallel foreign exchange market and the official rate is overvalued compared to the unofficial rate, the Principal Recipient should use that rate which ensures the value of the funds granted, yet remains within the laws of the particular country. The Principal Recipient should bring such cases to the attention of the Global Fund Secretariat at the time of grant making, to validate potential mitigating measures.

74. The exchange rate applied and the currency of the grant should be factored into any proposed inflation adjustment. The exchange rate and inflation assumptions should be mutually consistent, and should lead to an overall accurate estimation of the grant currency-equivalent costs at the time of payment of expenditures.

75. The exchange rate to be used to report expenditures to the Global Fund should ideally be the actual exchange rates applicable on the date of payments of expenditure if known and practical, or the annual/period average exchange rate, using an official or published verifiable rate consistent with the budgeting approach and country norms. The applicable rate should be either from the national central bank or international foreign exchange benchmarking facility (e.g., Reuters, Bloomberg, and other sources).

76. For expenditure reporting, it is not permissible for implementers to simply apply weighted average exchange rates calculated from different tranches of disbursement receipts from the Global Fund for the conversion and reporting of expenditures and in-country cash balances.

2.4 Taxes

77. As stipulated in Section 3.5 of the Global Fund Grant Regulations (2014), Global Fund funding is made available based on the principle that grant funds shall be exempt from relevant taxation imposed by the host country¹⁴ concerned, so that all of the grant funds provided by the Global Fund contribute directly to the fight against the three diseases in such host country. The required tax exemption for Global Fund purposes mainly includes (but is not limited to): (a) customs duties, import duties, taxes or fiscal charges of equal effect levied or otherwise imposed on the "health products"¹⁵ imported into the host country under the grant agreement or any related contract (collectively "custom/import duties") and (b) VAT levied or otherwise imposed on the goods and services purchased using grant funds.

78. Furthermore, under Section 3.5 of the Global Fund Grant Regulations (2014), the obligation of the host country to provide tax exemption is mandatory and the scope of such tax exemption obligation also applies to the Global Fund programs implemented partially or wholly by any Principal Recipient or sub-recipient¹⁶ that is not a "government entity"¹⁷. In the situation where the proposed Principal Recipient is not a government entity, such Principal Recipient shall use its best effort to facilitate and secure relevant tax exemption from the government of the host country concerned. To ensure the coverage of relevant tax exemption is sufficient, it is important that relevant tax exemption granted by the host country covers all layers of recipients (including the

¹³ Updating the exchange rate in the budget should be treated as budget revision.

¹⁴ Means a country or an economic territory in which a specific program is implemented.

¹⁵ As such term is defined in the Global Fund's [Guide to Global Fund's Policies on Procurement and Supply Management of Health Products](#) (2016, as may be amended from time to time).

¹⁶ Please note that under the Global Fund Grant Regulations (2014), the term "sub-recipient" is defined to include recipients who receive grants funds "indirectly" from the Principal Recipients. This means that sub-sub-recipients, etc. are included.

¹⁷ As defined in the Global Fund Grant Regulations (2014), a "government entity" means a branch, ministry, division, department, unit or an agency, instrumentality or other entity of the government of the host country in question at any level, or any entity or organization, in which the government of such host country at any level is a majority shareholder or over whose operations the government of such host country at any level has control or substantial influence.

Principal Recipient, sub-recipients, etc.) who are involved in implementing the grant in question. In administering the tax exemption, if needed, the Principal Recipient should ensure that an adequate follow-up of taxes paid and recovered at sub-recipient level is done. The tax exemption certificate or official notification of tax exemption should clearly state the type of taxes the Principal Recipient and sub-recipients are exempt from when implementing the grant.

79. When tax exemption has been granted, the budget submitted to the Global Fund should be net of taxes on applicable unit costs. Where it is expected that relevant tax exemption is unlikely to have been granted at the time of grant signing, the amount of taxes included in the proposed grant budget should be clearly disclosed at the time of grant-making and communicated to the Global Fund in sufficient detail in order for the relevant information to be verified.

80. In cases where a Principal Recipient has not obtained relevant tax exemption upon the conclusion of the grant-making process, the Global Fund may consider modifications of the proposed implementation arrangement in order to avoid the loss of grant funds through taxes. These modifications may include, for example, shifting responsibility for procurement to alternative organizations that hold tax exemption. Alternatively, the Global Fund (at its own discretion) may deduct the taxes payable from the country allocation or withholding disbursement on grants to the country (especially in the case of government-implemented grants).

81. When tax exemption is obtained on a reimbursement basis (i.e. the Principal Recipient has to pay the taxes first and then claim reimbursement), the Principal Recipient must maintain a tracking mechanism for taxes paid, claimed and reimbursed respectively by the tax authorities in the relevant host country. This should be reported on an annual basis as part of the annual financial reporting and/or through other ad hoc financial reporting to the Global Fund. Reimbursable taxes paid but not recovered may be considered as non-compliant expenditures as described in Section 5 below. The Global Fund shall have the right to request reimbursement of such unrecovered taxes.

82. Furthermore, where tax exemption is obtained on a reimbursement basis, the first year budget may include a provision related to the cash flow needs if required. This should be requested in the budget and supported by precise cash-flow forecasts related to tax payment and recoveries. A specific follow-up of this amount will be requested through the relevant annual financial reports.

83. Where national legislation does not provide exemptions for personal income taxes for national staff working on Global Fund grants, the Principal Recipient concerned, in accordance with the appropriate laws, should ensure payment to the relevant tax authorities of relevant withholding taxes from such national staff salary when making disbursement out of the grant budget, and declaration of earning to such tax or other appropriate authorities.

2.5 Treatment of salary top-ups and travel-related costs

84. The Global Fund has put in place measures to rationalize the payment of top-ups (as defined in section 6.1), travel per diems and transportation practices for Global Fund-supported programs. The Global Fund is committed to harmonizing allowance practices with donor partners and aligning these around the country's own system in the payment of salaries and applicable per diem rates.

85. Consequently and to avoid disruption of service delivery, some grants were allowed to continue the payment of salary top-ups within an agreed upon transitional plan to phase out those regular payments¹⁸. Effective from the 2017-2019 cycle, unless there is a valid transitional plan from the previous cycle, or to achieve health outcomes for impact, Global Fund resources should not be used for the payment of "salary top-ups".

86. Governments have pledged and should continue to devise a sustainable remuneration program as part of a broader civil/public service reform to enhance motivation/retention schemes. The Global Fund may participate in financing such broader schemes under RSSH designed and supported by the government and

¹⁸ Automatic payment of salary top-ups without a performance framework to measure the impact.

in-country partners that enhance the overall efficiency and effectiveness of service delivery interventions for Global Fund grants.

2.6 Treatment of shared costs

87. For purposes of the Global Fund budgeting and expenditure reporting, shared costs can be defined as expenses that can be allocated to two or more funding sources (government, the Global Fund, other donors and other funding sources) or different Global Fund grants on the basis of shared benefits and administrative efficiency. Cost sharing is allowable in Global Fund grants under the following circumstances:

- apportionment method clearly stipulated in the budget assumptions;
- verifiable from implementers' records with evidence on "fair share"¹⁹ principle;
- necessary and reasonable for proper and efficient accomplishment of grant and program objectives;
- included in the approved budget when required; and
- expensed during the grant implementation period.

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

2.7 Differentiation of budgeting and expenditure reporting

89. The standard requirement is budgeting and reporting by interventions and cost inputs, and variance reports are accordingly generated at the same level of classifications.

90. As part of the Differentiation Framework, the Global Fund has revised the country classification with three categories of portfolios – **Focused**, **Core**, and **High Impact**. The portfolio categorization is updated every allocation period.

91. Focused countries, unless instructed otherwise by the Global Fund, are authorized to budget and report using the broad categories by intervention and cost groupings.

92. Implementers under the Core and High Impact countries may also be authorized to budget and report using the broad categories by intervention and cost groupings. The Principal Recipient must receive written pre-approval from the Global Fund on the budgeting and reporting mechanism and format to be used prior to submission and approval of the detailed budget. The approved differentiated mechanism is generally valid for the duration of the implementation period.

¹⁹ Fair share means the proportion of the costs that can be attributed to the Global Fund grant(s) based on transactions value, space, funding level and other considerations.

3 The Budgeting Mechanism

93. The modular approach is used to manage Global Fund investments in the three diseases and is defined by a standardized hierarchy of the modular approach and costing dimension.

94. This approach follows a modular framework comprising of a list of modules²⁰, related interventions and associated impact/outcome and coverage indicators to monitor progress for the three diseases and for RSSH. Modules are broad program areas that are further sub-divided into a comprehensive set of interventions essential to an adequate response to the three diseases and toward building resilient and sustainable systems for health.

95. This approach provides applicants and implementers with a standardized costing approach that incorporates the cost inputs as an integral part of the modular approach in order to further enhance the standardized modules and interventions. It provides a structure for applicants to complete the performance framework and budget templates, programmatic gap and funding landscape tables and allows for consistency in documenting and tracking grant budgets, expenditures and results throughout the grant lifecycle.

96. In submitting a funding request, and for any subsequent budget submission, the applicant must give adequate consideration to the items below during the country dialogue, funding request development and grant-making stages:

- preparation of budgets for all significant activities²¹ of the Principal Recipient and sub-recipients, in sufficient detail, using the Global Fund modular approach and costing dimension;
- clear and tangible linkages between programmatic indicators for impact and financial targets, to provide a meaningful tool with which to monitor subsequent performance;
- significant emphasis on ensuring that grant management plans and budgets are realistic, based on valid assumptions, are developed by properly qualified individuals and represent value for money;
- putting in place rigorous procedures to plan activities, collect information from appropriate entities in charge of the different components, and prepare budgets;
- instituting a budgetary control mechanism whereby actual expenditures are compared to the budget and programmatic progress with reasonable frequency, and explanations required for significant variations from budget;
- ascertain if pre-approvals of budgetary adjustment will be required and under which circumstances.

3.1 Funding request budget

97. The development of a funding request requires a collaborative and iterative process. There needs to be active involvement and feedback of all stakeholders, including in-country partners, the Country Coordinating Mechanism and the Technical Review Panel. The Global Fund Secretariat provides relevant guidance on the overall mechanism and applicable tools to support the stakeholders. Applicants should ensure that the relevant in-country iterations have been completed and validated by the key stakeholders prior to the submission of the funding request budget to the Global Fund.

98. The funding request will be submitted for one or multiple component(s). For example, there could be a funding request for TB, HIV, malaria, RHSS, joint TB/HIV, or a combined funding request that include multiple components.

99. The budget at the funding request stage serves to provide the strategic investment and intervention choices made by the applicant. As part of a simplified and differentiated approach, initial “best estimate” budgets by intervention and cost grouping are the minimum requirements for the submission of a funding request. A detailed budget (covering individual activities) is not necessary at this stage, to avoid over-

²⁰ The list of modules and interventions is aligned with the recommended guidance from technical partners. The framework was updated in 2016 to reflect the most recent technical guidance as well as the new Global Fund strategy (2017-2022). More information is available in the [Modular Framework Handbook](#).

²¹ Including any risk mitigation and assurance activities agreed with the Global Fund (if applicable).

complicating the review and the strategic decisions required. This also provides flexibility to countries to attain a broad-level estimate of overall funding requirements for the country over the next three years in line with their communicated allocation.

100. The budget at the funding request stage should be submitted using the Global Fund standard template and must include the following core information at a minimum:

- modules – selected from a prescribed list per disease component;
- interventions – related to the module selected from the prescribed list;
- proposed implementer(s);
- cost grouping – selected from a prescribed list (see Appendix 1);
- amount per year and per intervention in grant currency.

101. The following are therefore the key information requirements for budgets at this stage.

- A description of the intervention, including details of:
 - the target population and geographic scope;
 - the implementation approach;
 - other relevant information.
- The annual funding required for each intervention, including the following qualitative details (if available):
 - cost assumptions (e.g., latest historical cost, quotations provided by vendors etc.);
 - reference to development partners' costing tools (where applicable, such as Roll Back Malaria costing for malaria, World Health Organization TB costing tool, One Health Tool, and other tools).
- Proposed implementing Principal Recipient(s) and sub-recipients (if available).

102. It is understood that some countries might find it more convenient²² to prepare a more detailed budget at the funding request stage, which can then be consolidated into an intervention-based budget for submission to the Global Fund.

103. In cases where the latest historical costs of certain known activities in an intervention are already available, and to avoid the risk of under- or over-budgeting, instead of a narrative on key activities as required for funding requests, the applicant can submit a detailed budget. Whether the detailed budget option is selected is entirely discretionary and based on country preference.

3.2 Grant-making budget

104. Once a funding request is approved for grant making, the nominated Principal Recipients²³ are required to develop a detailed budget using as their basis the full modular approach and costing dimension. The standard requirement is budgeting by interventions and cost inputs. As part of the differentiation framework, implementers may be authorized to budget using the broad categories by intervention and cost groupings (see section 2.7 “Differentiation of budgeting and expenditure reporting”).

105. Each Principal Recipient should submit to the Global Fund a detailed budget for review and approval. This budget should be based on the cumulative funding approved for the funding request, including any above-allocation funding. The budget will provide the following information and justification:

- alignment of the detailed budget to the approved funding request, taking into account any adjustments communicated in the Review form by the Global Fund following Technical Review Panel and Grant Approvals Committee reviews;

²² Especially when the time between funding request approval and anticipated Board approval is intended to be short, countries could gain efficiency in starting with a detailed budget.

²³ This is subject to the completion of the capacity assessment and minimum standards for each Country Coordinating Mechanism-nominated Principal Recipient.

- assumptions used for unit costs based on historical data and/or pro forma invoices when necessary.

106. The detailed budget should be submitted using the Global Fund standard template, which includes the following core information:

- modules – selected from a prescribed list per disease component;
- interventions – related to the module selected from the prescribed list;
- activity – individual descriptions;
- implementer – the entity that would implement and manage²⁴ the associated budget line;
- cost input²⁵ – selected from a prescribed list (see Appendix 1);
- payment currency – this could be in the grant currency, local currency or any other currency. The payment currency is the currency which will be used to pay for goods and services. For example, salaries will usually be paid in local currency²⁶, and health products are paid for in U.S. dollars;
- unit cost²⁷ at the start of the budget, and annual inflation/increase factor;
- quantities required for each period to achieve program objectives;
- period (quarter) – this should be the estimated period of payment. Generally, this excludes procurement lead times for delivery of goods/services/commodities unless there is a specific clause in the grant agreement citing a national legal requirement to access funding prior to the initiation of the procurement process.

107. The total budget must be within the available funding – that is, the funding approved for the funding request as adjusted with any above-allocation funds communicated by the Global Fund in writing.

3.3 Budget approval mechanism

108. The funding request and the detailed budget prepared for the grant-making process must be submitted to the Global Fund in the prescribed format.

109. The summary budget is automatically produced from the information provided in the detailed budget for all the stages of the budgeting mechanism (e.g., funding request, grant-making, grant revisions, and other stages). The summary budget reflects the costs of each intervention (i.e. modular approach) and cost grouping using standard budget classifications provided in the costing dimension (cost inputs/cost grouping).

110. The Global Fund is responsible for the overall review and approval of the budget. The Local Fund Agent may be tasked by the Global Fund to perform a budget review and provide the analysis directly to the Global Fund. Such analysis may be taken into account by the Global Fund in the review and final approval of the budget.

111. In order to ensure efficient and timely review and approval, the Principal Recipient should include all unit cost assumptions and submit all relevant supporting documents. The Global Fund or the Local Fund Agent may request additional information and such should be made available by the Principal Recipient in a timely manner.

112. The estimated time for the review and approval of the detailed budget submitted by the Principal Recipient is 30 to 90 days, depending on the stage of the process and the quality of the information submitted. The Country Team will keep the Principal Recipient informed throughout the review process. Additional clarifications and/or budgets that do not comply with the principles outlined in these guidelines could encounter additional delays in the approval process.

²⁴ The entity that would receive the funding associated with this budget line, undertake the procurement and ensure payment of the relevant good and services.

²⁵ As part of the differentiation framework, some implementers may be authorized to provide the detailed budget using the broad cost category.

²⁶ With the exception of expatriate staff members who may be paid in other currencies.

²⁷ Principal Recipients should use and apply relevant benchmark prices from historical costs or as published by the Global Fund or development partners (if a Global Fund benchmark is not available). These should be based on pro forma invoices (at least three quotations when necessary).

113. Once approved, the budget is captured in Global Fund systems as the official approved budget and used as the basis for financial reporting unless it is modified through an implementation letter. The latest summary budget²⁸, as attached to the grant agreement or an implementation letter, is also the “**baseline budget**” and all budget adjustments will be compared against this version for the establishment of materiality thresholds.

114. The regular budget vs. actual variance analysis for expenditure reporting to the Global Fund will be based on the most recent approved budget (revised approved budget) that has been approved through a legally binding agreement (grant agreement or implementation letter) between the Principal Recipient and the Global Fund. All other modifications should be treated as variances only and the Principal Recipient should not update the budget figures for reporting purposes. Explanations for any such adjustments should be included in the variance analysis.

3.4 Budget revisions – grant implementation

115. In the normal course of grant implementation, a Principal Recipient should undertake periodic budget reviews to identify necessary budget changes. Budget revisions may be necessary to respond to program realities (for example, to reflect changes in unit costs of items being purchased).

116. Budget revisions are classified as “material” and “non-material” for the purpose of establishing a precise and clear mechanism for approval of budget adjustments.

3.4.1 Material and non-material budget

117. The table below sets forth the default definitions of material and non-material budget revisions. The thresholds set forth below are cumulative for the entire implementation period and are always compared to the latest summary budget²⁹ (the “baseline budget”) to establish the materiality level.

Table 1 – Material and non-material budget revisions

	Budget revision for any <u>standard intervention</u>	Budget revision for any <u>discretionary cost category</u>	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) ³⁰	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 ³¹ (ii) Any budget revision that introduces new modules and interventions		Yes

118. The default definition of a discretionary cost category includes: human resources, vehicles, travel-related costs (per diems, etc.) and indirect costs/overheads. Other pre-defined categories may be added to the list of discretionary cost categories at the discretion of the Global Fund, taking into account country context and grant-associated risks, and will be communicated to the Principal Recipient in writing.

²⁸ Changes to the original grant agreement budget must fully comply with the provisions outlined in paragraph 134 of this document.

²⁹ As attached to the grant agreement or an implementation letter. Changes to the original grant agreement budget must fully comply with the provisions outlined in paragraph 134 of this document.

³⁰ Including both the “increasing” intervention (which receives the funds) and the “decreasing” intervention (the intervention from which the funds are taken).

³¹ I.e., 15 percent or higher change (either increase or decrease) to the total budget for any intervention, or 5 percent or higher change to the total budget for any discretionary cost category.

119. In specific cases, based on the country risk assessment, the Country Team may establish alternative definitions of “material” and “non-material” budget revisions³², which might differ from the above-mentioned definitions. In all such cases, the definitions established by the Country Team will be communicated in writing to the Principal Recipient, and the Country Team-established definitions will override the definitions set forth in these guidelines.

120. As noted above, material budget revisions require written pre-approval from the Global Fund prior to the initiation of the activity and related payment. Principal Recipients may undertake non-material budget revisions without the prior approval of the Global Fund.

121. The applicable thresholds are only applicable to budget revisions that do not change the performance framework. If budgetary revisions are accompanied by changes to the indicators and targets in the performance framework, the [Operational Policy Manual](#), Section 2.2: OPN on Grant Revisions should be followed.

122. Material budgetary revision is generally defined as budget changes to the official approved budget based on the threshold of +/-15 percent of any approved intervention. In addition to the maximum threshold of +/- 15 percent of any approved intervention, the budget changes cannot exceed +5 percent of the total budget for a certain number of cost categories, referred to as discretionary cost categories.

123. Non-material budgetary revision is defined as budget changes to the officially approved budget below the threshold of +/-15 percent and below the threshold of the discretionary cost categories (or of any other threshold communicated by the Global Fund in the grant agreement or any other official legal notifications) of any approved intervention.

124. For any budget revisions:

- i. Implementers are able to create new activities within an approved intervention provided it is demonstrated that this activity is in line with the program objectives and is strategic to reach targets/objectives.
- ii. Where possible, the costing of all new activities should be based on the latest approved assumptions used for budgeting +/- adjustments due to change in macro-economic factors (FX rate and inflation).
- iii. Where none of the assumptions used for budgeting is relevant for the new activities, the Principal Recipient should document the basis of costing used for such new activities and keep it available for review where needed
- iv. For all proposed non-material budget revisions (including creation of new activities), implementers must follow their internal procedures of budget modification with an explanatory note and the formal approval of the relevant authority at the implementer level. Where requested, such explanatory note and formal approval will serve as a basis of verification by the Global Fund and/or one of its agent (e.g., fiscal agent, Local Fund Agent). In the absence of a formal advance written approval, expenditures may be classified as non-compliant by the Global Fund.

125. Budget revisions are calculated on the intervention budget for the full implementation period and not on the intervention budget of a given year. The budget revisions are calculated on both the “increasing” intervention (which receives the funds) and the “decreasing” intervention (where the funds are taken from). The increase or decrease of an intervention should respect both the standard +/- 15 percent rules and the discretionary categories adjustment principle unless stipulated otherwise in the grant agreement.

126. Similarly, budget revisions for a discretionary cost categories are calculated on the cost grouping budget for the full implementation period. It is not supposed to be calculated on the cost input budget of a given year.

127. In cases where Global Fund pre-approval of a material budget revisions is not obtained, then the post-incurrence reporting of material variances and their approval/acceptance is purely at the discretion of the Global Fund, based on the nature of the expenditure and the programmatic and financial context. In the event

³² The thresholds applicable to a non-material revision may only be increased with the prior written approval of the Head of the relevant Grant Management Department and Head of Program Finance and Controlling.

such expenditures are not accepted by the Global Fund, they will be classified as non-compliant³³ expenditures, and the Global Fund will request from the Principal Recipient reimbursement of the associated costs.

128. In some cases, the Global Fund may require pre-approval for all budget revisions, irrespective of the amount. Any such requirement will be communicated to the Principal Recipient in writing. Budget revisions that could potentially require pre-approval by the Global Fund may include:

- where a Condition Precedent in the grant agreement specifically requires prior approval of a budget revision.
- budget revisions related to salaries and salary top-ups, which may cause special concerns over sustainability of the program. Indicative examples may include:
 - increases in the grades, numbers or levels of effort of expatriate staff charged to the grant;
 - increases in the numbers or grades of local staff employed by an international organization or UN agency compared to the submitted organigram and detailed budgets.
- budget revisions the Country Team determines should be pre-approved, such as:
 - increases in the approved budget for international travel of any implementer (Principal Recipient or sub-recipient);
 - increases in the budgeted unit costs for the reimbursement of patient living support, per diems, fuel rates, etc.

129. The above examples are indicative and not exhaustive, and will be applied at the discretion of the Country Team based on the context of the grant and/or associated risks.

130. The Principal Recipient, as part of expenditures reporting to the Global Fund, would report these as regular expenditures and provide comments in the budget variance analysis.

131. For Global Fund purposes, it would not be mandatory for implementers to have the non-material budget revisions approved by the Country Coordinating Mechanism before submitting it to the Global Fund for approval.

132. If adjustments to the detailed budget involve corresponding adjustments to the indicators and targets in the performance framework, the [Operational Policy Manual](#), Section 2.2: OPN on Grant Revisions should be followed.

133. Please see Appendix 2 for more details and examples on the budgetary revisions.

3.4.2 Revising the summary budget

134. The summary budget, which forms part of the grant agreement is considered a reference point and only needs to be revised through an implementation letter signed by the Global Fund and the Principal Recipient in exceptional circumstances, such as the following:

- i. Program Revision³⁴ as per the [Operational Policy Manual](#), Section 2.2: OPN on Grant Revisions;
- ii. additional funding or a reduction in funding;
- iii. extension of the grant implementation period;
- iv. addition of a close out period budget.

135. In other instances, the Global Fund will provide written approval to the Principal Recipient for a budget revision, either via email or official letter. A written approval provided in this manner will have the same force and effect as an implementation letter signed by the Global Fund and the Principal Recipient. Written approvals may be provided for the following types of revisions, without limitation:

³³ See section 5 below on the classification of non-compliant expenditures.

³⁴ 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.

- material budget revisions not implicating the above-referenced circumstances requiring an implementation letter;
- reinvestment of savings to cover Unfunded Quality Demand;
- inclusion of new implementers.

4 Financial Reporting

136. The purpose of the Global Fund is to invest additional resources to fight AIDS, tuberculosis and malaria. To fulfill these functions, the Global Fund needs a minimum set of reliable financial information regarding the implementation of grants. This financial reporting information is important to:

- **assist grant management**: Having financial breakdowns and variance analysis, and being able to link financial information to programmatic performance, strengthens the ability to make informed funding and investment decisions (e.g., allocations, annual funding decisions and disbursements);
- **pinpoint areas of financial risk**: Tracking expenditures against budgets enables an analysis of variances that helps to identify root causes contributing to financial risks across the grant portfolio. For example, where is the largest proportion of funds being allocated and used or not used? Are the funds being spent in the planned areas? Are there any financial bottlenecks evident through huge cash balances resulting into low absorption such as procurement delays? In addition, analysis of financial results could also indicate areas where controls need strengthening. For example, ageing analysis showing long outstanding advances, lack of correlation between financial outcome and programmatic results may indicate possibility of fraud risk etc.
- **for external reporting and resource mobilization**: Being able to demonstrate the efficiency of Global Fund investments and clearly demonstrate that funding is spent in line with the approved Global Fund grant agreement to achieve maximum impact in the disease program is critical for external reporting and resource mobilization; and
- **transparency and accountability**: Being able to accurately report on the use of funds to donors, the general public and other stakeholders in an efficient and timely manner is one of the core principles of the Global Fund.

137. In order to enhance the understanding of overall strategic investments, all grants' should follow the mutually exclusive and collectively exhaustive principle of budgeting and financial reporting. This will provide the Global Fund and its stakeholders (including applicants and donors) robust budgeting and expenditure data for financial analysis that is also appropriately linked to the relevant programmatic indicators and results.

138. In order to easily comply with the expenditure reporting classifications of the Global Fund, the classifications of the modular approach and costing dimension should be included as entry fields or mapped in the accounting system of implementers (especially the Principal Recipient and main sub-recipients) for better expenditure tracking. Implementers are strongly encouraged to have a system capable of tracking the approved detailed budget (including individual activities), and expenditures against these approved activities. However, activity-level details are not required to be reported to the Global Fund. At the time of reporting, based on expenditure entry and classifications, implementers should be able to consolidate and report expenditure as per the Global Fund classifications for interventions, cost grouping/cost inputs and implementing entities.

4.1 Financial reporting principles and periods

139. The Principal Recipient(s) should select an annual reporting cycle for Global Fund programmatic and financial reporting³⁵ for each grant. This annual reporting cycle should be aligned to the country or recipient's regular in-country reporting cycle for programmatic results and/or to their in-country financial reporting cycle. Country Coordinating Mechanisms and other applicants are strongly encouraged to ensure that the annual reporting cycles across all grants in a given disease component are aligned, so as to facilitate reporting across the disease portfolio.

140. In order to align the grant start dates with the selected annual reporting cycle, the first and last reporting periods of the grant could be longer or shorter than 12 months. The first period of the grant can be as short as three months or as long as 18 months. For example, if the grant start date is 1 April and the selected annual reporting cycle is January to December, the first reporting period³⁶ should cover the period from April to

³⁵ This could start at any month of the year for a 12-month period.

³⁶ The associated first annual funding decision and disbursement schedule will also be aligned, plus a buffer period.

December (i.e. nine months). The Global Fund at its own discretion may allow Principal Recipients to combine the first and second period annual reports when the first period is shorter than six months.

141. In cases where in-country programmatic reporting cycles and fiscal cycles are not the same for the different implementers of the same disease component, it is recommended that the implementers agree on one common reporting cycle, aligned either to the programmatic reporting cycle or the financial cycle of the main implementer and/or country.

4.2 Reporting scope and frequency

142. The reporting scope and frequency is generally determined by the Global Fund country classification (Focused, Core, and High Impact) as illustrated in Figure 1 below. Taking into account program and grant context, the Global Fund may determine grant-specific reporting scope and frequency that deviates from Figure 1. Such changes must be set forth in the grant agreement or communicated to the Principal Recipient through a performance letter or an implementation letter.

143. Please refer to the [Principal Recipient Progress Update and Disbursement Request Guidelines](#) for more information on the reporting scope and frequency.

Figure 1

Category	Financial Reports Type	Focused	Core	High Impact	Submission Date (PR)
Cash Information	Principal Recipient Cash Reconciliation	Annual	Annual	Annual	60 days after the end of the period
	Principal Recipient Cash Information	N/A	Quarterly	Quarterly	30 days after the end of the quarter (Calendar year)
	Sub Recipient Cash Reconciliation	Annual	Annual	Annual	60 days after the end of the period
Expenditure information	Budget Variance	Annual	Annual	Annual	60 days after the end of the period
	Principal Recipient Expenditure	Annual	Annual	Semi-Annual	60 days after the end of the period for the annual report 45 days after the end of the period for the semi annual report
Forecast	Cash Forecast	Annual	Annual	Annual	60 days after the end of the period
	Request and Recommendation	Annual	Annual	Annual	60 days after the end of the period
Tax Information	Annual Tax Report	Annual	Annual	Annual	31 st July

144. In addition, Principal Recipients have to submit an annual grant-specific audit report as required under the relevant Grant Agreement in accordance with the requirements of the [Guidelines for Annual Audits of Global Fund Grant Program Financial Statements](#).

4.3 Other ad hoc financial reporting

145. Country Teams may consider other, more frequent ad hoc reporting cycles as part of risk mitigation measures and to demonstrate improved absorption of funding for high-risk grants, country context and/or low absorption rates.

146. Such reporting should be differentiated from the annual financial reporting in scope and depth. Country Teams are encouraged to develop such reporting aspects as part of ongoing grant monitoring and “spot-checks”. There is no prescribed format for such reports and Country Teams should agree with the Principal Recipient and the Local Fund Agent on the content. This should be in the form of existing reports used by the Principal Recipient’s management team for operational monitoring (where available).

5 Eligibility of Grant Expenditures³⁷ and Recovery Process

5.1 Eligibility of grant expenditures

147. Expenditures incurred by implementers in respect of the Global Fund grants may either be classified as “compliant” or “non-compliant” for eligibility purposes. The eligibility of the expenditure is initially determined by the Local Fund Agent and/or other Global Fund assurance providers (such as internal auditors and external auditors), whereas the final decision rests with the Global Fund.

148. In addition, the Office of the Inspector General, as part of its audits and investigations, can identify non-compliant expenditures.

149. **Compliant expenditures** are those that have been incurred in compliance with the terms of the relevant grant agreement (or have otherwise been pre-approved in writing by the Global Fund) and have been validated by the Global Fund Secretariat and/or its assurance providers based on sufficient and appropriate documentary evidence.

150. **Non-compliant expenditures** refer to expenses incurred that are not in line with the provisions of the signed grant agreement or the appropriate financial and procurement procedures of the implementer/grant. Non-compliant expenditures may include:

- unsupported expenditures;
- expenditures incurred outside of the scope or period of the grant;
- expenditures compromised by prohibited practices; or
- expenditures relating to other types of non-compliance or mismanagement of grant funds (or goods or services purchased with grant funds).

151. The Global Fund, at its discretion, may request implementers³⁸ to fully or partially reimburse any expenditures classified as non-compliant³⁹ (see the section on recovery process).

152. The table below shows a non-exhaustive list of expenditures that could be classified as non-compliant by the Global Fund.

³⁷ Non-compliant expenditures for Global Fund purposes are generally referred to as the total ineligible expenditures that may be subject to recovery of funds from grant implementers.

³⁸ The Principal Recipient is responsible for reimbursing any confirmed non-compliant expenditure to the Global Fund, whether such non-compliant expenditure results from its actions (or lack of action) or the actions (or lack of action) of other implementers, contractors or other third parties.

³⁹ The Global Fund also has the right to request refunds in other circumstances in accordance with the grant agreement, such as when the grant agreement has been terminated or suspended or when there has been a breach of any provision of the grant agreement.

Unsupported Expenditures

Unsupported expenditures refer to expenditures for which all or part of the documentation or approvals required under applicable rules (e.g., Principal Recipient's procedures, generally accepted accounting principles, national procurement regulations, etc.) were not provided for during the review by the Global Fund or one of its assurance providers. Specific types of unsupported expenditures are detailed below:

- **Absence of supporting documents for the expenditures:** Where no evidence was provided to justify the expenditure of grant funds, and it was, difficult or not possible to substantiate whether the expenditures were incurred in accordance with the terms of the relevant grant agreement.
- **Insufficient and/or inappropriate supporting documents for the expenditures:** where the documentation presented was either insufficient and/or inappropriate to support the expenditures claimed by the implementer and whether they were incurred in accordance with the terms of the relevant grant agreement.
- **Missing or inappropriate signatures/authorizations:** where the expenditures were not signed or duly authorized in an appropriate manner, as stipulated in the applicable manual of procedures and/or signature authority and approval procedure of the implementer (such as a missing and/or wrong signatory on the payment voucher or instruction to the bank).

Expenditures that are non-compliant under the unsupported expenditure category may include, but are not limited to:

- Incomplete books and records
- Lack of supporting documents to explain variances in the financial reports submitted by sub-recipients (e.g., reconciling cash advances), and actual sub-recipient expenditures
- Lack of third party documentation such as original invoice or unavailability of receipt acknowledgment (such as in the case of a training per diem)
- Lack of evidence of receipt of goods or performance of services (especially for training activities and other information/education/communication events)
- Absence of justification for fuel consumption/purchase (especially in the presence of conflicting odometer readings or expected programmatic scope)
- No evidence of consumption or delivery of goods or services as per the financial and programmatic rules applicable to the Principal Recipient
- Lack of boarding passes/hotel invoices to support travel claims
- Lack of supporting documentation for supplies and suppliers evidencing the existence of goods or services (inventory, receipt, invoices and proof of payment, as the case may be)
- Lack of signature of employee on employment contract
- Absence of signature on per diem claims and attendance sheets, or duplications/inconsistencies in the signature sheets
- Insufficient number of authorized signatures for the amounts claimed
- Payment was made to an individual but the supporting invoice was provided by a company
- Cheques endorsed and cashed by a Principal Recipient-associated individual without appropriate justification
- Lack of documentation to support expenditures (e.g., only cash register receipts or bank statement entries, no other accounting records)
- Absence of original tender documentation
- No or insufficient evidence of request for quotes or quotations received
- Shared costs not appropriately justified

<p style="text-align: center;">Expenditures incurred outside of the scope or period of the grant</p>	<p>This category refers to the expenditures incurred for activities that occurred outside of the scope or the period of the grant. Specific types of such expenditures are detailed below:</p> <ul style="list-style-type: none"> • Expenditures incurred outside of the grant implementation period or close out period: refers to expenditures incurred, or activities performed, outside of the implementation period or close out period defined in the grant agreement. • Expenditures for goods and services not included in the approved budget⁴⁰ /work plans: where expenditures/activities do not relate to the grant, as per approved budgets and work plans for the period in question. • Expenditures over approved budgets: where expenditures exceed what was approved in budgets⁴¹ and work plans, in amounts or quantity, for the applicable period. • Expenditures otherwise in breach of the grant agreement: such as losses where grant funds are not prudently managed or are not held in an appropriate bank account.
<p style="text-align: center;">Expenditures compromised by prohibited practices</p>	<p>Expenditures compromised by prohibited practices may include, but are not limited to:</p> <ul style="list-style-type: none"> • An undisclosed or unmitigated conflict of interest is discovered • Falsified or fabricated documents: documents have been proven to be falsified or otherwise not authentic, either by the recipient or the supplier. • Expenditures compromised by prohibited behavior: i.e., corrupt practices, fraudulent practices, coercive practices, collusive practices, abusive practices, obstructive practices, retaliation, money laundering, and financing of terrorism. These include expenditures in which there is a proven deception with an intent to mislead the Principal Recipient or the Global Fund and/or derive a benefit for the deceiving party, as per the applicable definitions under the grant agreements or in the Global Fund Codes of Conduct for Recipients and Suppliers. • Partial or total diversion of assets to non-program uses: misuse, embezzlement, misappropriation. • Waste: disregard for efficiency, value for money. Spoilage or loss of goods due to negligence, poor storage conditions, procurement within budget but with materially inadequate quantification, resulting in unused surplus. • Procurement irregularities: an absence of a competitive tender or other procurement issues at the Principal Recipient or sub-recipient levels. For example: <ul style="list-style-type: none"> • absence of appropriate level of competition under the applicable rules; • asset substitution or payment without delivery. • Prices in excess of the prevailing market prices for goods and services without proper rationale/justification. • Inadequate contracting practices: lack of tangible deliverables, lack of inclusion of codes of conduct and access rights as per the grant agreement. • Non-competitive tenders/collusion/inappropriate facilitation payments: includes collusive/coercive/corrupt practices, conflict of interest issues, tender specifications manipulated to favor a particular bidder.

⁴⁰ Except in cases where the implementer has obtained a prior written approval from the Fund Portfolio Manager to incur expenditures outside of the approved budget using savings or a budget revision.

⁴¹ Does not include expenditures incurred by implementers within the non-material threshold stipulated in section 3 of these guidelines and/or a specific provision in the grant agreement not requiring pre-approval.

Other types of non-compliance and mismanagement of grant funds

Other type of non-compliance or mismanagement of grant funds may include, without limitation:

- **Recoverable taxes** not recovered by the implementer within a reasonable period of time (six to nine months after incurring the actual expenditure).
- **Expiration or spoilage** of drugs and consumables resulting from negligence of the implementer(s).
- **Failure to replace** lost or stolen assets in accordance with the grant agreement.
- **Non-compliance with quality assurance for health products, and related issues:** procurement of products that do not meet the requirements outlined in the Global Fund's quality assurance policies; biased/tailored tender specification limiting competition and favoring a specific product (or group of products).
- **Non-compliant sub-recipient agreements:** sub-recipient agreement not corresponding to the standards present in the grant agreement, lack of inclusion of codes of conduct and access rights.
- **Audit reports:** audit report missing, falsified, not submitted in time or where the procurement of audit firm was compromised.
- **No recognition as grant income** of other revenues (such as those from income-generating projects, interest income).
- **Use of interest income and/or other revenues⁴²** (such as those from income-generating projects) by implementers to incur expenditures without the prior written approval of the Global Fund.
- **Amounts impermissibly retained under the terms of the grant agreement**, such as cash balances that were not returned as required.

5.2 Recovery process

153. This section describes the recovery process of the expenditures classified by the Global Fund Secretariat as non-compliant.

154. When expenditures are initially classified as non-compliant by the Global Fund in consultation with the Local Fund Agent and/or other Global Fund assurance providers, the Global Fund will notify the Principal Recipient through an official notification (e.g., performance letter or a notification letter) and request additional justification and/or reimbursement from the Principal Recipient.

155. The Principal Recipient has **60** days from the date of the official notification by the Global Fund to reimburse the stated amount, or to provide the relevant justification with appropriate supporting documents for review by the Global Fund (copying the Local Fund Agent).

156. Upon receipt and review of any additional justification and supporting documentation, the Global Fund may fully or partially⁴³ re-classify the expenditure as compliant, or may confirm that the expenditure remains non-compliant. If no justification or response is provided by the Principal Recipient within the 60 day deadline, the potential non-compliant expenditures identified are deemed to be confirmed non-compliant expenditures. Any documents received later than **90** days from the date of the initial official notification by the Global Fund will be subject to an enhanced level of scrutiny, including but not limited to referral to the Local Fund Agent or the Office of the Inspector General, as appropriate.

157. If the expenditure is confirmed as non-compliant, a refund request (**a demand letter**) will be communicated for the amount considered as non-compliant in the grant currency, generally using the exchange rate applicable on the date of the original expenditure transaction or the date of first notification of

⁴² Income generated from Global Fund grant investments (such as cash or commodity sales).

⁴³ For instance, partial reclassification may be considered if, upon verification of the prevailing market prices, the prices paid for goods and services are deemed inappropriately excessive. In such cases, the Global Fund may accept the "fair price" as eligible and the difference in price would be maintained as ineligible.

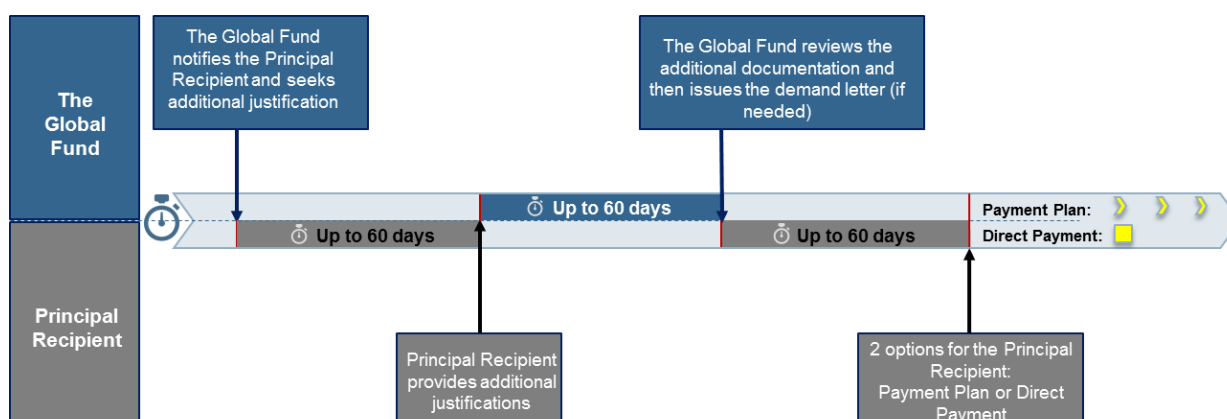
ineligibility⁴⁴. The Global Fund reserves the right to request interest on any non-compliant amounts to be refunded, as appropriate.

158. When expenditures are confirmed as non-compliant by the Global Fund, it means that grant funds may not be used to cover such expenses (even if already incurred).

159. The amount requested in the demand letter must be fully refunded by the Principal Recipient directly to the bank account specified in the demand letter within 60 days of notification of the reimbursement request⁴⁵. The Global Fund will generally not deduct ineligible expenditures from future disbursements as a corrective measure, and implementers are required to repay non-compliant amounts requested for refund in cash. Failure to repay amounts requested for refund may impact future funding decisions of the Global Fund, including, but not limited to, potential reductions in or freezing of future Global Fund funding.

160. In the event that the Principal Recipient is not able to refund the ineligible expenditure within the stipulated 60 days following the demand letter, the Principal Recipient may submit a formal request to enter into a repayment plan with the Global Fund. This request should be made prior to the 60 day deadline. The repayment plan may be for a period of up to 12 months, depending on the nature of ineligibility. A lengthier repayment plan would be subject to the approval of the Global Fund Recoveries Committee.

161. The figure below summarizes the recovery process for expenditures classified by the Secretariat as non-compliant:



162. Expenditures classified as non-compliant by the Office of the Inspector General in an audit or investigation report follow a different process. The Country Team refers all such cases to the Recoveries Committee, which will submit a recommended recoverable amount for the Executive Director’s approval based on the Office of the Inspector General’s findings. The Principal Recipient or other concerned party will generally have already had the opportunity to review a draft report or preliminary findings, consistent with the Office of the Inspector General’s Stakeholder Engagement Model.

163. While this internal process is ongoing, once the Principal Recipient has had the opportunity to review the initial audit or investigation findings, the Secretariat may engage in preliminary discussions with the Principal Recipient to determine its position regarding potentially recoverable amounts identified in the audit or investigation report, but may not commit to a resolution without the approval of the Executive Director. At any time, the Secretariat may also commission the Local Fund Agent or another assurance provider to conduct additional follow-up work as appropriate.

164. Following the Recoveries Committee recommendation to the Executive Director, once the Executive Director provides his or her approval, a demand letter will be communicated to the Grantee and the Principal Recipient, following the same process as outlined above. The exchange rate used in the demand letter should be the rate used in the Office of the Inspector General audit or investigation report. As outlined above, the Principal Recipient may submit a formal request to enter into a repayment plan with the Global Fund in response to that demand letter.

⁴⁴ As a general principle, exchange losses should be borne by the Principal Recipient.

⁴⁵ The transaction costs associated with the reimbursement of non-compliant expenditures are borne by the Principal Recipients using the Principal Recipient’s own funds and not grant funds.

6 Specific Budgeting and Costing Guidance

6.1 Human resources

165. Human resource costs include remuneration costs for employment⁴⁶ services rendered including: salaries, wages and other direct costs of employment, including relevant employment taxes. Remuneration costs for staff must be budgeted at the most cost-efficient level to achieve the objectives of the program. All human resource costs should be based in local currency. In exceptional circumstances, if a different currency is proposed (USD/EURO), the rational and an independently determined and verifiable rate should be disclosed.

166. The Global Fund can finance remuneration costs directly related to the implementation of a program ensuring implementation by competent and motivated individuals. The Global Fund will not replace or duplicate existing funding arrangements.

167. Principal Recipients and relevant sub-recipients are solely responsible for complying with applicable labor and other laws (including without limitation, occupational health and safety, minimum wages, separation payments, social security and health insurance, and income taxes).

168. Levels of remuneration should be based on the relevant national remuneration levels, as provided in national or interagency salary frameworks. Remuneration levels in general should be consistent with local market practice for similar jobs in similar organizations.

169. The Country Coordinating Mechanism should ensure the proposed remuneration levels are consistent with the relevant remuneration levels in the country when submitting a funding request to the Global Fund. Any deviation from relevant remuneration levels in the country must be justified in the funding request.

170. Remuneration costs paid through the same Principal Recipient/sub-recipient must be harmonized across Global Fund grants. Remuneration levels created especially for the Global Fund grants and which are different from a country's existing levels are highly discouraged, as they are inconsistent with the Global Fund's model, commitment to aid effectiveness and further risk creating a "two-tier" remuneration system in the country. Any exception to this principle must be fully justified.

171. The Global Fund will review and approve remuneration levels during the grant-making process through approval of the budget. A Country Coordinating Mechanism and/or Principal Recipient/sub-recipient should be able to provide the relevant salary framework (or other relevant benchmarking information) and any additional information requested by the Global Fund justifying all human resources costs. **Appendix 3A** contains an indicative list of remuneration level documentation considerations.

172. Where relevant, the Global Fund will request information from the Principal Recipient and/or the Country Coordinating Mechanism concerning the future sustainability of funding of human resources costs beyond the term of the grant and actions taken to ensure it, which may include information related to government planning and budgeting.

173. The Principal Recipient must maintain on file a biographical data sheet for each employee paid under the grant. The template in **Appendix 3B** provides an example and minimum data requirement.

⁴⁶ This may include individuals engaged to perform staff-related and recurring tasks under a long-term service contract.

6.1.1 Salaries

174. The full cost of salaries may be charged to the Global Fund grant for positions necessary to directly support implementation of the Global Fund-supported programs. There must be no funding duplication with other Global Fund grants or funds from other sources (including those funded by the relevant Principal Recipient/sub-recipient). The budget must include a detailed breakdown of positions and costs to the satisfaction of the Global Fund. For positions that are working partially on the Global Fund grant, the costs can be apportioned based on the level of effort required. The apportionment assumptions should be disclosed in the budget.

6.1.2 Allowances

175. Allowances that are paid outside of the basic salary can be included as part of salaries if they are part of a standard remuneration package for long-term employment contracts as evidenced by national regulations, practices or organizational human resources policies. A detailed breakdown of such allowances should be provided in the detailed budget.

176. Allowances that can be funded through Global Fund grants commonly fall under the following categories:

- employer's social security contributions – minimum and legislated amounts may be budgeted as required under local labor law.
- health insurance – may also be budgeted as required under local labor law or if it is common market practice for similar organizations.
- housing allowances – may only be budgeted if part of an employee's standard remuneration package and a common local labor practice.
- 13th month salary – may only be budgeted if part of standard practice in the local labor market.
- pension – minimum contributions as required by law or in accordance with an organization's policies may be budgeted in compliance with labor law and aligned to common local market practice or the organization's policies.
- termination indemnity/end of contract payment – may only be budgeted if required under local labor law and if a contract expires on or before the ending date of a grant. Specific approval from the Global Fund is required for any termination payment where the termination is unanticipated and results from an actual or potential breach of a grant agreement. The Country Team Legal Officer shall be consulted prior to authorizing any such payment.
- Other fringe payments⁴⁷: minimum amounts may be budgeted as required under local labor laws or local market practice.

6.1.3 Accrued severance entitlements and salary bonuses

177. The Global Fund may authorize the inclusion of accrued severance entitlements in the budget if the Principal Recipient will incur the associated costs by the end of the implementation period of the grant.

178. In specific circumstances and in the event the Principal Recipient is using existing staff for the implementation of the Global Fund grants, the Principal Recipient must provide a projection of the maximum amount of this entitlement payable to the staff based on the applicable human resources policies, procedures and/or national legislation. The Global Fund fair share of the overall entitlement should be justified, calculated and appropriately budgeted. Unless the implementer is required by international accounting standards (e.g., IPSAS, IFRS, etc.) to expense such accrual on an annual/regular basis, the implementer should charge such expenditures as part of grant closure liabilities.

⁴⁷ This may include expatriate benefits for international nongovernmental organization or other multilateral organizations.

179. The Global Fund does not allow the payment of salary bonuses using grant resources, and these are systematically classified as “non-compliant expenditure” for Global Fund purposes.

6.1.4 Incentive payments and top-ups

180. In some circumstances, the Global Fund may decide to approve additional payments to increase public sector salaries already paid to staff involved in implementing Global Fund programs. Salary top-ups refer to official cash payments or transfers that a civil servant receives above what other colleagues in the same grade and pay scale receive. Top-ups can be paid to program management staff, health workers or other staff already employed by the national health sector, with the aim of retaining skilled local staff, where there is a significant distortion with the overall national labor market. Top-ups can be paid as an official allowance, or take a form of an incentive paid through a service-based contract payment. Further in the guidelines top-ups and incentives will be used interchangeably as the same term.

181. There are multiple risks associated with top-ups in the Global Fund grants, including creating distortion within different public health programs, management challenges, risks of nepotism, inflationary pressure, and lack of sustainability of the human resource strategy in the long-term. For these reasons it is expected that any top-ups budgeted in the Global Fund grants will be based on a realistic transitional plan backed by a formal commitment from the governments and national authorities, with clear milestones for the transition. Top-ups will normally be within the limits of 25 percent of the salary of similar positions in order to provide an additional incentive, but not to distort the salaries within the same national program to the levels that cannot be sustained.

182. In all cases, top-ups will be task- or performance-based with simplified but transparent performance management process behind it, and clear links with the results expected to be achieved for the program:

- i. Task-based incentives are expected to be paid to program management staff, where their current duties do not include the scope of managing donor projects and additional requirements. An example of a task-based incentive would be a top-up paid to a district level accountant for additional reporting forms submitted on time.
- ii. Performance-based incentives would be paid to anyone whose efforts could be linked to the performance targets expected to be achieved with the Global Fund money. An example of this would be an incentive paid to a health worker for each patient who has achieved three-month adherence in following their treatment. Linking an incentive to a specific result (treatment adherence), rather than task (number of patient visits) would also address the quality aspect of the service provided by the health worker.

183. In special circumstances and in coordination with other donors, the Global Fund may invest in other incentive schemes where there are clear linkages to the achievement of impact. Such investment cases should be presented as part of the funding request and approved by the Technical Review Panel.

184. In all cases, incentive payments and top-ups must be justified and approved by the Grant Approval Committee.

185. It should be noted that in some programs there are “incentives” paid to community health workers. Community health workers as a norm are not employed by the national health services and are part of the volunteer community-based support, so as such payments should not be categorized as salary incentives and top-ups, but rather fall under cost input “1.2 Salaries – outreach workers, medical staff and other service providers”.

6.2 Travel-related costs

186. The Global Fund grants may be used to finance the cost of travel and subsistence. This section provides guidance to stakeholders on the Global Fund requirements for such costs linked to trainings, technical assistance, supervision/other data collection, meetings/advocacy and other transportation costs.

187. Travel-related costs include payment for the direct cost of travel and the direct cost of expenses incurred by the Principal Recipient, sub-recipient, for employees to remain away from home for work purposes directly related to implementation of the Global Fund grant. Typically most such costs would be for training, monitoring and evaluation supervision visits, and advocacy/meetings but could also include program planning and management visits and coordination meetings.

188. Travel-related costs should be based on existing policies of the Principal Recipient/sub-recipient as applicable and be harmonized across Global Fund grants managed by the same Principal Recipient/sub-recipient, and, if possible, with other donors. New policies on travel-related costs that are created especially for the Global Fund grants and that are different from the Principal Recipient's or country's normal policies are not acceptable. Travel-related cost policies for the Global Fund grants must be fully aligned with government and other donor practices for the administration of such payments.

189. Travel-related costs must reflect the real cost incurred by the employee and should not contain an element of additional remuneration. Costs should be consistent with local market practice.

190. Travel costs should be budgeted at the most cost efficient level to achieve the objectives of the Global Fund-supported program.

- Transport to the venue should be by the most economical and practical mode of public transport.
- Air travel should be kept to a minimum but, if required, must be restricted to economy class only. The use of discount and web-based airfares is encouraged.
- Where private vehicles are used, fuel costs may be reimbursed based on agreed mileage rates set by the government or based on rates established by the organization that are consistent with the price of fuel and average fuel consumed based on the distance of the journey.

191. A daily subsistence allowance (DSA) or per diem is the common method of recompensing staff and participants for each night spent at the location of the event, rather than paying for the exact expenses incurred. Typically such policy would consist of the following elements:

- when meals or accommodation are provided, the amount of the DSA should be reduced accordingly;
- DSA payments should only be paid for the days that a person attended the workshop or meeting and one night either before or after the event if the participant is expected to arrive either a day before or depart the day after an event. Records must be available to validate the participant's attendance at the workshop or meeting. It is not acceptable to partially attend an event and claim a DSA for all days of the event;
- DSA rates and procedures should be benchmarked to be consistent with government regulations for applicable government or state-funded/established entities. Local nongovernmental organization rates should be benchmarked against government rates. The Country Coordination Mechanism reviews planned travel and subsistence rates when submitting a funding application;
- Multilateral organizations may apply their existing travel and subsistence policies to their own staff;
- For international travel of participants funded by Global Fund grants, government or UN DSA rates should be budgeted; and
- It is not acceptable to claim a DSA paid under a Global Fund grant if the DSA are also covered by another source of funding including fully hosted events.

6.2.1 Travel-related costs: training

192. Training could be a major component of travel-related costs in some grants. Training activities should demonstrably enhance the capacity and skills of participants in the delivery of relevant services to attain program targets and objectives.

193. Training costs include all costs⁴⁸ associated with training events, workshops, meetings, training publications, training-related travel, and per diems paid to training participants/facilitators. Training costs should be included under the cost input 2.1 “Training related per diems/transport/other costs”.

194. The training budget should build on the need for training outlined in the funding request and/or other training needs assessment developed for the program.

195. In cases where the proposed training needs are unclear from the proposal and/or where the Global Fund Country Team deems the budget allocated to training is significant⁴⁹, the Global Fund Secretariat may request the Principal Recipient to undertake training needs assessment. Prior to the validation of training activities in the work plan and budget, the Principal Recipient should provide evidence-based analysis that justifies the need for each training activity and addresses the difference between current and targeted skill levels required for the achievement of program targets and objectives.

Budgetary Assumptions

196. Principal Recipients should develop clear budgetary assumptions for each training activity, which provide a clear trail of the cost build-up to arrive at the total cost of training, and demonstrate linkages to the training plan.

197. A standard costing approach to trainings may be used for budgeting. Typically an average cost per person per day is calculated and then applied to similar training events. The Principal Recipient/sub-recipient should determine the number of days required for the training; the total number of participants (residents and non-residents); and the type of training (national, regional, district/community or international level).

198. There should be clear evidence, e.g., from previous variance analysis, that standard costs are reasonable and closely equate to past actual costs. Standard costs that are proven to be inaccurate or have a high likelihood of error would not be acceptable.

199. When budgeting for training under the Global Fund grants, implementers need to apply the following principles:

- Facilitators who are employees of the implementer and whose salaries are paid using grant funds are not eligible to receive any facilitator’s fees. Facilitators should not receive the applicable per diem unless they are away from home;
- “Resident” participants do not receive a per diem when attending training in their place of residence (e.g., participants living in Dakar should not be paid a per diem when attending a training in Dakar). Payment for meals costs could be made as per the implementer and/or government policies if meals are not provided as part of the training package;
- “Non-resident” participants receive full per diem when attending training financed from grant funds. Where meals or accommodation are provided, the amount of the per diem should be reduced according to the implementer and/or government policies or other prevailing rates applicable for meals;
- Provisions for transportation cost of participants should be made in accordance with the implementer and/or applicable government policies. This could be indicated as a fixed rate or determined by the distance from participants’ residence/office to the place of the training. If the distance is the mode of calculation, the policy document should generally determine an upper limit

⁴⁸ Including venue rentals, coffee breaks, etc.

⁴⁹ There is no definition of a significant training budget. The Country Team could determine the level of materiality based on the country context and/or risk concerns.

payable to any participants and/or benchmarked with the cost of public transportation in the country;

- Where the implementer plans to include accommodation/lunches and/or group transportation as part of the training package, the budget should reflect these costs rather than per diem and transportation costs payable to participants. If breakfast and dinner is not included in the package, the implementer can pay participants the applicable portion of per diem to cover these costs;
- Provisions should be made for any training kits to be provided to the participant and coffee breaks planned during the course of the training;
- If the implementer intends to use the services of a consultant to conduct training activities, the consultant's fee and per diem rate, if applicable, should be budgeted under "External Professional Fees" and it should not be budgeted under training; and
- Training costs should reflect the real cost to be incurred by the Principal Recipient/Sub-recipient in the implementation of the training activities and should not contain any additional remuneration or salary supplements or exceed per diem rates, if applicable, for participants or facilitators.

Training Plans

200. As part of the overall management of travel-related costs and capacity-building activities, the Global Fund may request Principal Recipients to develop comprehensive training plans. The training plan translates the training needs referred to in the funding request and/or the training needs assessment into a detailed action plan which supports the reasonableness of budgeted costs, demonstrates value-for-money, ensures proper planning, and prevents any potential mismanagement of the funds intended for training purposes during implementation.

201. When a training plan is required by the Global Fund, the implementer cannot implement and fund training activities using grant funds unless there is a formal written approval by the Global Fund of the training plan or specific training activities.

202. The training plan provides both a narrative description of the training framework, which covers training designs, logistics arrangement and post-training follow-ups, and a list of training activities that should be consistent with the detailed budget⁵⁰. The training list should be extracted from the detailed budget with the required budget assumption details⁵¹. **Appendix 3C** provides additional guidance on the development of a training plan.

203. **Payments:** Training plans should generally incorporate the measures put in place by the Principal Recipient for the payment of training participants and other training costs. In particular:

- the Principal Recipient should make every effort to execute all payments to participants by check bank/postal transfer and/or other innovative payment method (e.g., mobile money);
- cash payments should be limited as much as possible and, if unavoidable, should follow strict procedures to ensure proper reconciliation and validation of payment to participants at all times. Implementers should consider other innovative mechanisms and use of modern technology (e.g., mobile money) to pay participants' per diem and other costs;
- suppliers (i.e., room rental, catering services) should be paid either by crossed⁵² check or bank transfer unless there is proper justification that cash payment is the most appropriate and the only available option in executing (e.g., non-availability of banking facilities in certain parts of the country).

⁵⁰ If the nature of the training activity is not yet determined at the time of grant-making, e.g., the training activity will be determined after operational research, group consultations, the Principal Recipient should at least propose the methodology and describe the process. As soon as the training activity is defined, budget assumptions should be updated in the training plan as well as the detailed budget.

⁵¹ The Local Fund Agent review of training activities should be an integral part of the Local Fund Agent review of the detailed budget.

⁵² A check that can only be deposited directly into a bank account and cannot be immediately cashed by a bank or any other credit institution.

Implementation, monitoring and reporting on training plan

204. Principal Recipients should develop a coherent and verifiable implementation arrangement for trainings to be conducted at all levels, and comply with the following requirements:

- ensure that the following documents are available prior to each training event:
 - well-structured training agenda or curriculum;
 - high quality training materials;
 - tentative list of participants, simple profiles of participants that confirm their eligibility, and that demonstrate consistency with the training plan, and per diem amounts (including reimbursable expenses).
- select the facilitators and venue providers through a competitive process, in compliance with the relevant grant agreement.
- put in place mechanisms to ensure the verification of participants' attendance during training events.
 - after the training is conducted, the Principal Recipient should prepare⁵³ and retain (in accordance with the relevant grant agreement) the attendance list of all participants and their contact details for potential verification by the assurance providers of the Global Fund.
 - the pertinence and structure of the training delivered should be evaluated by participants and reports well documented by the Principal Recipient.

205. **Verification and spot checks:** Verification of training activities may be part of the Local Fund Agent's (or any Global Fund assurance provider) verification of implementation. The scope of the Local Fund Agent verification will be determined by the Country Team using a risk-based approach. As part of their review, the Local Fund Agent should clearly indicate any irregularities and areas of further improvement. The Secretariat should review the analysis and recommendations of the Local Fund Agent, and should follow up on issues related to the Training Plan implementation.

206. The Principal Recipient, Country Coordinating Mechanism, and the Global Fund assurance providers should evaluate on a periodic basis the impact of the training activities funded under the program against set training objectives and outcome (e.g., improved program and financial management, improved quality of services being provided at health service centers and community level).

6.2.2 Travel-related costs: technical assistance

207. **Technical assistance** is knowledge transfer or capacity building through the provision of human resources (national, regional and international experts and/or consultants), and other resources that might be required to improve strategic planning and implementation of programs, reinforce implementers' management capacity and/or address specific technical and systems gaps.

208. The Global Fund may finance technical assistance activities that directly strengthen grant management systems and/or build capacities of implementers.

209. Technical assistance should produce specific deliverables on a timely basis. The budget should include only technical assistance that otherwise cannot be delivered by existing resources available to the program such as permanent staff, headquarters support, or available technical assistance from technical partners.

210. Technical assistance costs should be budgeted at the most economic level, based on the scope and duration of the assistance needed to achieve the program's objectives.

211. Principal Recipients should develop a costed technical assistance plan that includes all technical assistance activities through consultancies, trainings to implementers, and other related activities.

⁵³ The attendance list is prepared at the beginning and has to be signed daily by the participants.

212. The travel and per diems paid specifically for technical assistance activities are part of travel-related costs and should be included under cost input “2.2 Technical assistance-related per diems/transport/other costs”.

213. Consulting fees in relation to technical assistance should be charged to the cost input “3.1 Technical assistance fees/consultancy fees”.

6.2.3 Travel-related costs: monitoring & evaluations

214. Monitoring and evaluation activities ensure that there are strong programmatic data to provide evidence of achievement of program targets and ultimately program goals and objectives. The Global Fund grants may be used to finance monitoring and evaluation costs. The travel and per diems paid specifically for evaluations, surveys, data collection, reporting and/or data validation activities are part of travel-related costs and should be included under cost input “2.3 Supervision/surveys/data collection-related per diems/transport/other costs”.

215. The Principal Recipient is responsible for ensuring the functioning of the routine programmatic data collection and reporting system to track programmatic results achieved against targets set in the performance framework and/or national strategic plans and monitoring and evaluation plans.

216. To support the budget for evaluations, surveys, surveillance and other special studies which are conducted periodically, the Principal Recipient should provide the justification for the need for such evaluation, survey and studies, as well as the expected results.

217. In case the implementation of an evaluation or any survey is outsourced, the service provider should be selected through a competitive process in compliance with the relevant grant agreement. This competitive selection process should include open advertisements and the placement of bid announcements on site(s) internationally recognized for the type of projects sought and a comprehensive, transparent procedure for bids evaluation and award.

218. The travel and per diems paid specifically for monitoring and evaluations activities are part of travel-related costs and should be included under cost input “2.3 Supervision/surveys/data collection-related per diems/transport/other costs”.

219. Consulting fees in relation to monitoring and evaluations should be charged to the cost input “3.1 Technical assistance fees/consultancy fees”.

220. **Appendix 3D** provides more guidance on budgeting for monitoring and evaluation activities.

6.2.4 Travel-related costs: program management and supervisions

221. In order to enhance program and grant management oversight, implementers may budget for oversight supervisions. The Principal Recipient should ensure that such costs are accurately linked to the module for program management (under the intervention “Policy, planning coordination and management of national disease control programs” or under the intervention “Grant management”) instead of the module “Health management and information systems and monitoring and evaluation”. Such costs should be included under cost input “2.3 Supervision/surveys/data collection-related per diems/transport/other costs”.

222. The overall program supervision budget should be supported by a supervision strategy described in the annual operational plan or other separate document, as appropriate. This strategy should include, at minimum, a description of:

- the nature and scope of each supervision;
- planned frequency for such supervision;
- role and function of each participant in the supervision; and
- expected outcome of the supervision.

223. Detailed costs for each supervision visit should be provided, including all assumptions related to transport and per diems. Supervision results and follow-up actions should be documented through mission reports, highlighting preparatory work done, issues encountered, and actions taken. Specific attention should be paid not to duplicate the existing systems, and to ensure that the supervisions done are optimized and combined whenever possible to save travel costs. In cases where several Principal Recipients are implementing the Global Fund grants in the country, a coordination mechanism should be put in place to optimize the supervision.

6.3 External professional services

224. The Global Fund may finance external professional activities that directly or indirectly contribute to the Global Fund grant implementation and management. The direct or indirect benefit to the Global Fund grants should be clearly demonstrable for any item budgeted in and charged to the Global Fund grant. In cases where an external benefit indirectly benefits the Global Fund grant, or partially benefits the Global Fund grant, a reasonable portion of the total cost of the external professional service should be apportioned and budgeted in or charged to the grant.

225. External professional services should produce specific deliverables on a timely basis. The budget should include only services that otherwise cannot be delivered by existing resources available to the program (such as permanent staff, headquarters support, or available technical assistance from technical partners), or which has to be provided by an independent external professionals (i.e., fiscal agents, external auditors).

226. Consequently, consultants should not be used to perform tasks and functions recurring in nature that are expected to be filled by staff members through specific human resources contracts. Long-term consultants – including consultants who are more akin to employees in that they are engaged on a continuous basis, prolonged periods and without a specific deliverable, and are receiving monthly pay – should be classified under the human resource cost grouping and thus per diems are not compliant expenditure for such contractors. Principal Recipients should have different contracting mechanisms to contract staff members on defined durations of short or long term, based on the needs of the program and applicable HR rules/local legislation.

227. The main elements of external professional services costs include fees, travel, and per diems payable to the external service providers. The following core costing guidelines apply to external professional service costs.

- Consulting fees: Consultancy fees should be consistent with local, regional and international market practice, depending on the type of technical assistance sourced. Generally, for international consultants, fees should not exceed the UN standard international rates; for local and/or regional consultants, fees should not exceed the UN standard local rates.
- Other travel-related costs. Reasonable travel and per diem costs may be financed using grant funds for external service providers in line with the Principal Recipient/sub-recipient's normal travel policy. Such costs are only eligible if they are included in the cost proposal of the service provider and the contract signed between the Principal Recipient/sub-recipient and the provider.

228. External professional services costs also include:

- Fiduciary and fiscal agent fees⁵⁴: the costs of providing financial management services to grant implementers by third-party organizations. This is usually part of the mitigating measures for financial management and may be directly contracted by the Global Fund.
- External auditor fees: the costs associated with the hiring of an independent auditor to provide an opinion and assurance on the financial statements and control mechanisms of the Global Fund grants and may be directly contracted by the Global Fund.
- Insurance related costs: the costs associated with:
 - All Risk Property Insurance;
 - Motor and Fleet Insurance;

⁵⁴ This may also include accounting and payment agent fees contracted for the administration or management of grant funds on a regular and/or ad hoc basis.

- Point to Point Transportation Insurance.

229. **Appendix 3E** provides additional guidance on the budgeting of the insurance related costs.

6.3.1 Other considerations on financial management and monitoring of external professional services costs

230. Selection process: External Services providers should be selected through a competitive process, in compliance with the relevant article on Contracts for Goods and Services of the Global Fund Grant Regulations (2014). Please see an extract of the relevant article below:

- contracts shall be awarded on a transparent and, subject only to established exemptions included in written procurement policies and practices provided to the Global Fund, on a competitive basis;
- all bid solicitations must be clearly notified to all prospective bidders, which shall be given a sufficient amount of time to respond to such solicitation;
- solicitations for goods and services shall provide all information necessary for a prospective bidder to prepare a bid and, as such, shall be based upon a clear and accurate description of the proposed terms and conditions of the contract and the goods or services to be acquired;
- the conditions of participating in a bid shall be limited to those that are essential to ensure the participant's capability to fulfill the contract in question and compliance with the relevant procurement law of the host country;
- contracts shall be awarded only to contractors that possess the ability to successfully perform the contracts;
- no more than a reasonable price (as determined, for example, by a comparison of price quotations and market prices) shall be paid to obtain goods and services;
- the Principal Recipient and its representatives and agents shall not engage in any practice that is in violation of the [Code of Conduct for Recipients](#) or the [Code of Conduct for Suppliers](#) in relation to such procurement; and
- the Principal Recipient shall maintain records documenting in detail the nature and extent of solicitations of prospective suppliers of goods and services to be procured with Grant Funds, the basis for awarding relevant contracts and orders, and the receipt and use of goods and services so procured.

231. Based on the risk and significance of individual procurements, the Global Fund may request a Local Fund Agent or any Global Fund assurance provider to either conduct spot-checks on compliance with Principal Recipient procurement policies, be present as an observer during the bidding process, or require the Principal Recipient to obtain a "no objection" to the tender results from the Secretariat.

232. Bidding documents need to be consistent with the Principal Recipient's procurement procedures and standard conditions in the grant agreement. Nevertheless, as a general indication, bidding documents for consultant services would be expected to include as a minimum:

- the terms of reference and cost schedule for the service;
- a shortlist of at least three service providers, including resumes and proposals, where appropriate of the consultants; and
- an evaluation report based on the consultants' academic background, experience, skill sets, and proposed fee.

233. Applications and expressions of interest from consultants should include completed biographical data and the candidate's resume. In order to determine the consultant's daily remuneration rate for any future requests, the biographical data form should state the salary history for the consultant for the last three years.

234. Reporting: The service provider should provide a report on the activities as stated in the terms of references and the contract.

6.4 Pharmaceutical, non-pharmaceutical health products and health equipment

235. The implementer shall procure health products of assured quality in accordance with the Global Fund Quality Assurance policies and in accordance with the “[Guide to Global Fund’s Policies on Procurement and Supply Management of Health Products](#)” (2016, as may be amended from time to time), following a competitive and transparent process to achieve the best value for money for the products of required specifications. The budgeting principles outlined in this document equally apply to health products.

236. The list of health products (LoHP) is used to guide the procurement during the grant lifecycle. The total budget for health products procured during the grant lifecycle and their management costs (i.e., costs related to procurement agent fees, freight, insurance, warehousing, QA/QC, referred to as “procurement and supply management costs”) should be consistent with the total budget for health products shown in the approved LoHP. The Principal Recipient shall procure health products as per the list and in the quantities outlined in the LoHP approved by the Global Fund. The LoHP should not include items that have already been ordered and/or are in transit or for which the payments are pending.

237. The LoHP shall be accompanied with forecasting/quantification worksheets, showing targets, assumption and calculations used for estimation of quantities of health products and related costs. The health products shall be forecasted/estimated based on the targets set in the applicable Performance Framework. Contributions from other donors/sources, if any, stocks on hand (including those procured under the Global Fund’s previous grant, or procured through non-Global Fund sources), orders in the pipeline shall be considered in the forecast.

238. The LoHP shall clearly state the following details:

- item name, description and specifications;
- pack size and unit of measurement;
- quantities for each item, supported with relevant quantification and/or needs assessments (for equipment, infrastructure) and explanations on how the needs have been determined. The LoHP shall include no contingency provisions⁵⁵ except for buffer stock (unless supported by clear evidence of past experience or other credible references or costing methodologies); and
- unit costs for each item (the source of the reference costs used shall also be communicated to the Global Fund).

239. The health products included in the LoHP and procured with the grant funds shall be delivered within the term of the grant period. Furthermore, products procured with the grant funds shall be used during the grant period. However, normal procurement cycle of a respective country and procurement lead times for health products shall be taken into account and an appropriate level of stocks (including a buffer stock) can be planned for and included in the LoHP to ensure smooth transitioning to a new grant or to another funding source. The stocks procured in and carried over from the previous grant shall be accounted for in accordance with the Global Fund policy on grant closure. The Global Fund [Operational Policy Manual](#), Section 3: Grant Closure, states that all programmatic activity related to the budget of a particular grant should cease by the end date of the grant (with allowances for extensions in certain situations).

240. Unit cost is a critical element for the preparation of a grant budget and the LoHP. Unit costs shall be estimated based on reputable sources of reference prices where one exists. The Global Fund shall not accept unit costs that are not aligned with the mentioned references. The unit costs shall be taken from the globally negotiated price lists and catalogue for specific health and non-health products including the Pooled

⁵⁵ This refers to any amount in excess of the amount reflected in the target use of the procurement item in the performance framework. It includes contingency or provisioning for damage, misuse, loss/theft, early depreciation. It does not include activities where, in order to reach a target, more than one item is required (e.g., to reach one smear positive case in a TB DOTS program may require more than one test and therefore the items required for testing will be of a greater volume than the numbers of smear positive cases detected).

Procurement Mechanism (Wambo.org) reference prices⁵⁶, prices negotiated by partners⁵⁷ or through partner platforms such as a Products Catalogue of the Stop TB Partnership's Global Drug Facility. For Principal Recipients already procuring through the Pooled Procurement Mechanism or those that intend to procure through Pooled Procurement Mechanism in the upcoming implementation period, the unit costs for Pooled Procurement Mechanism-eligible commodities should be used.

241. When preparing the grant budget and the LoHP, the implementers should always provide the price references used. If the outcomes of a procurement process for products meeting the required specifications and standards results in a price that is higher than the relevant reference price – taking the total cost of ownership⁵⁸ into consideration – national or other resources will be required to pay the difference.

242. The critical components of the health products budget, together with unit and total costs of products, are costs related to delivery of products to a final destination(s) or to locations where these products are needed. For accurate cost estimation and budgeting, it is important to know a mode of transportation and delivery terms (Incoterms) for health products. Lack of knowledge of Incoterms⁵⁹ rules and respective obligations, costs and risks may lead to inaccurate budgeting. For budgeting purposes, all unit costs of health products shall be budgeted on *Ex Works* (EXW) or on *Free Carrier* (FCA) basis and costs related to delivery of products to a final destination (e.g., freight, insurance, procurement agent fees, etc.) shall be budgeted separately, under the respective cost grouping (please refer to section 6.5.3 “Procurement and supply management costs” below for more information). If a Principal Recipient prefers to budget unit costs of health products on a delivery term other than EXW or FCA, then the Principal Recipient shall inform the Global Fund and obtain the Global Fund's prior approval on this matter.

243. The Principal Recipient is, however, expected to be mindful of the relative cost of interventions and to seek best value for money. The Global Fund may request the Principal Recipient to submit a technical specification for and justification of the selection of a particular health product, which will include but not be limited to an analysis of the cost effectiveness of the proposed selection.

244. As part of the Differentiation Framework, Principal Recipients implementing grants under the Focused portfolio are authorized to budget using the broad categories by intervention and cost groupings. This principle applies to budgeting of health products as well.

6.4.1 Buffer stock

245. The buffer stock is the stock that should always be on hand at the national, regional, district and/or facility level to mitigate the risk of stock-outs due to delays in delivery of products or unexpected increase in consumption. It represents the quantity of stock required to allow for variations in supply lead times or consumption rates. There are many ways of estimating the level of buffer stock. The amount of buffer stock can be calculated by multiplying projected average monthly consumption by average lead time (month) or a buffer stock can be defined as a (reasonable) fixed number of months that shall never exceed 12 months (nationwide). The amount of buffer stock, unless explicitly agreed by the Global Fund, shall follow the applicable national policy/SOP/requirements. The calculation of buffer stock is a moving process during grant implementation, as the consumption may increase or the supply lead time may change. If buffer stocks are to be included in the budget, a justification with assumptions is required.

246. It is critical to ensure that sufficient levels of stocks (including buffer stock) is adequately planned and managed during the current implementation period, as this will be critical for successful transition to the next implementation period with uninterrupted availability of health products. When preparing quantification for the next implementation period, the Principal Recipient needs to take into account existing (or forecasted)

⁵⁶ Available through www.wambo.org or on the [Sourcing & Management of Health Products](#) page of the Global Fund website. The list of items, as well as reference prices, are updated regularly.

⁵⁷ For example, FIND negotiates preferential pricing available at <https://www.finddx.org/find-negotiated-product-pricing>.

⁵⁸ Total cost of ownership means the total amount of all direct and indirect monetary costs related to the procurement, storage and distribution of a diagnostic product by a recipient, including the price of the product itself, any reagents and other consumables, transportation, customs clearance, insurance, in-country distribution and storage, quality assurance, including quality monitoring, training, and validation of new diagnostic algorithms, and, as applicable, operating costs including cost of installing, servicing, commissioning and maintaining equipment.

⁵⁹ More information on Incoterms can be found at <https://iccwbo.org/resources-for-business/incoterms-rules/>.

stocks levels of products at country level or in the pipeline at the time of start date of the next implementation period.

6.4.2 Health equipment costs

247. Health equipment items enjoy a useful life in excess of the grant implementation period. Despite this, the Global Fund maintains a cash accounting approach for assets procured under the grants, and thus the full costs of equipment should be charged to the grant at the time of incurring the expenditure rather than depreciated over the useful life of the equipment.

248. From a budgeting perspective, the rationale and justification for purchase of health equipment must be presented, either during the funding-request process and/or through the grant-making process. At the time of selection and budgeting for equipment, the implementers shall take into account the total cost of ownership of equipment (including cost of equipment, installation/commissioning, necessary reagents/consumables, additional trainings, if any). The budgeting of all health equipment maintenance and service costs should be considered as part of the total cost of ownership (see section 5.6.2 “Maintenance cost of equipment”). The health equipment budget should be identical to and consistent with that in the list of health products, quantities and costs.

249. In general the chosen strategy for the purchase or the leasing of health equipment, as laid down in the funding request or described during the grant making process, is acceptable if technically sound, the most economical solution considering the country context and represents the best value for money. Before budgeting for laboratory/diagnostic equipment, the implementer shall consult the national laboratory strategic plan (if one exists) and ensure that investment in laboratory technologies is aligned with the mentioned plan. Implementers are also expected to conduct buy vs rent analysis before finalizing the decision to purchase certain equipment (e.g., equipment for viral load testing). However, if there is evidence that the budgeted activities do not demonstrate a strong commercial rationale or if other lower-cost options are available, the Global Fund may limit funding to the lower amount considered reasonable or decline funding.

250. The Global Fund may request the Principal Recipient to submit a technical specification for the selected health equipment, which may include but not be limited to an analysis of the cost effectiveness of the proposed selection.

251. The specific requirements for budgeting health equipment include:

- description and specification of item in line with the funding request submitted to the Global Fund or as defined during grant making;
- quantities clearly supported by explanations (on how the needs have been forecasted) or with needs assessments demonstrating the need for additional equipment; and
- cost per item clearly stated and supported by a notation of the reference used.

6.4.3 Procurement and supply management costs

252. The Global Fund may finance costs related to procurement and supply management of health products. Procurement and supply management costs may cover activities related to management of health products starting from selection of products until delivery to beneficiaries.

253. The budgeting principles outlined in this document equally apply to procurement and supply management costs. Procurement and supply management costs:

- i. must in principle be budgeted at cost using actual operational data and current costs. The percentage fees, if any, used for budgeting purposes, shall also be calculated using actual operational data and historical costs;
- ii. should represent good value for money; and
- iii. should not contain any element of cost over-recovery, provision or contingency. Where there is a strong expectation of future price changes (e.g., following past trends or based on new regulatory

changes or new arrangements) future cost changes may be projected in the budget with strong narrative justifications.

254. The exception to (iii.) above is when a private sector procurement agent is engaged, the fees are assumed to include a profit margin based on the negotiated terms.

255. The breakdown of procurement and supply management costs is required in the budget to facilitate the Global Fund's review. The costs must be supported by evidence in the form of past or pro forma invoices, own operational costs, quotes from reputable sources, current price lists or other credible references/assumptions. In line with the Differentiation Framework, this requirement is not applicable to Focused portfolios.

256. For convenience, procurement and supply management costs are often charged as a percentage of the value of the goods. Despite using a percentage approach, in principle the budget should be prepared based on historical costs (actually paid in the past). Procurement and supply management costs may include the following components:

- procurement agent and handling fees (when the procurement function is outsourced);
- freight and insurance costs (if the tender specifically expects the product to be quoted Free on Board (FOB) and so freight charges are required to be paid);
- warehouse and storage costs (including service contracts with private providers);
- in-country distribution costs;
- customs duties and clearance costs;
- quality assurance and quality control costs.

257. **Procurement agent and handling fees**⁶⁰: Most procurement agents charge on a percent fee basis, based on the value of the goods being procured. The fee is assumed to include their direct running costs, a contribution toward overheads and in some cases a profit margin. The Principal Recipients are encouraged to budget these costs based on historical expenditures (actually paid in the past). The costs should be included in cost input "7.1 Procurement agent and handling fees".

258. **Freight and insurance costs**: This should be based on prices quoted by a supplier or a freight forwarder (previous invoices or other credible pricing reference should be used). The costs should be included in cost input "7.2 Freight and insurance costs (health products)".

259. **Warehouse and storage costs**: They may also include certain fixed costs that are not dependent on quantity/volume of procured products. The costs should be included in cost input "7.3 Warehouse and storage costs". The fees charged and paid to private providers for warehouse and storage services are also included under the same cost input. Such costs are commonly charged on a percent-of-value basis depending on quantity and/or volume of products. The Principal Recipients are encouraged to budget these costs based on historical expenditures (actually paid in the past).

- Any percentage-based cost should have a basis in current operational costs in the organization, and justification and all necessary documentation should be provided to support the budget request.
- Such documentations should include (but are not limited to) information on the volume of products managed in the past and going forward, past financial statements and budget/forecast of expenditures.
- A percentage-based storage cost should be supported by a demonstration of how the percentage has been arrived at: estimated total costs of the storage facility divided into the throughput of goods for the same period. Pure estimates of costs with no clear basis will not be accepted by the Global Fund.

⁶⁰ The implementer must ultimately demonstrate that the selected procurement agent results from a competitive tendering process and represents, therefore, the best value for money for the services required.

260. In-country distribution costs: is the cost of in-country transportation of the commodities and equipment from one location to the other. The costs should be included in cost input “7.4 In-country distribution costs”.

261. Quality assurance and quality control costs: As a component of procurement and supply management costs, costs for quality assurance activities are allowable. For convenience, as with other procurement and supply management costs, QA/QC costs are often budgeted as a percent of the value of the goods, which should be supported by assumptions and/or evidence on how the percentage was arrived at and what activities will be covered. The costs may include any reasonable quality control testing (physical or visual inspection or chemical tests) by a third party laboratory that needs to be undertaken to monitor the quality of health products throughout the supply chain. These costs should be included in cost input “7.5 Quality assurance and quality control costs”.

262. Customs duties and clearance costs: As a general principle, grant funds shall be exempt from relevant taxation applicable in the host country, including, but not limited to, customs duties, import duties, taxes or fiscal charges of equal effect levied or otherwise imposed on the health products imported into the host country. The implementers however, under this category, may budget fees for customs clearance agents, customs terminal charges, customs warehouses, etc. The costs should be included in cost input “7.6 Procurement and supply management customs duties and clearance charges”.

263. Cost over-recoveries, whether used to build capacity or not, are unacceptable, and shall not be budgeted. Capacity-building activities should be budgeted under the cost grouping for external professional services or travel-related costs.

264. Logistics Management Information Systems (LMIS): Equipment and hardware/software costs for LMIS shall be budgeted under infrastructure and equipment costs. Other relevant costs for LMIS implementation (e.g., technical assistance, human resource, travel-related costs, etc.) shall be budgeted under the respective cost categories.

6.4.4 Other considerations on financial management and monitoring of procurement and supply management costs

265. Selection process: Where nongovernmental service providers have been selected for supply chain management functions, these service providers should be selected through a competitive and transparent process, in compliance with the relevant article on Pharmaceutical and Other Health Products of the Global Fund Grant Regulations (2014), the Global Fund Guide on Procurement and Supply Management of Health Products, the Global Fund’s Code of Conduct for Recipients and the Global Fund’s Code of Conduct for Suppliers and the Principal Recipient/sub-recipient’s procurement procedures. This competitive selection process shall include open advertisement and the placement of bid announcements on site(s) internationally recognized for the type of services required.

266. Reporting of procurement and supply management costs: the implementer may be required to support any percentage-based charges with actual underlying costs to confirm that costs recovered are reasonable and do not represent over-recoveries. Any deemed over-recoveries (e.g., when expenditures charged to the grant exceed actual costs incurred) will be treated as non-compliant costs.

267. Significant investments in and changes to the budget for supply chain management, supply systems strengthening and laboratory systems strengthening activities (activities budgeted under the cost grouping 7.0 and/or budgeted in various cost groupings, but intended for supply chain systems strengthening or lab services and systems strengthening), shall be done in consultation with the Global Fund Supply Chain department.

6.4.5 Investments in supply chain improvement

268. In addition to supply chain operational costs, the Global Fund may finance investments aimed at improving future supply chain performance. These will be reviewed against their impact in the following areas:

- Data visibility
- Product availability
- Product wastage
- Supply chain cost per patient
- Forecast accuracy
- Inventory turns

6.5 Infrastructure and non-health equipment

269. The Global Fund may finance infrastructure and other equipment costs necessary to ensure that the Principal Recipients and any sub-recipients have sufficient physical capacity in place to implement and achieve the objectives of the programs funded by Global Fund grants. This section provides guidance on the Global Fund's budgeting requirements for such costs in grants.

270. The budget for infrastructure and non-health equipment should build on the detailed needs assessment developed in support of the funding request. The needs assessment shall include the review of the existing assets and infrastructure in the possession of the implementing entities, and provide evidence of any replacement or new procurement needed. Prior to the inclusion of such costs in the budget, the applicant and/or Principal Recipient would provide evidence-based analysis that justifies the need for each group of assets and demonstrates how the proposed investment is required for the achievement of program targets and objectives.

271. Infrastructure and other equipment costs include, but are not limited to the following costs:

- rehabilitation, renovation and enhancement costs for health infrastructure⁶¹;
- non-health equipment such as generators, water purification systems;
- information technology (IT) systems and software, website creation and development;
- IT equipment and other hardware/software for logistic management information systems;
- vehicles, motorcycles, bicycles, boats; and
- office equipment, furniture, audiovisual equipment, related maintenance, spare parts and repair costs.

272. These items have a useful life in excess of the initial grant implementation period, and as such are commonly referred to as 'capital items' which would, in a normal accounting sense, be recorded as an asset and depreciated (or amortized) over the useful life. Despite this, the Global Fund maintains a cash accounting approach for assets procured under the grants, and thus the full costs of equipment should be charged to the grant at the time of incurring the expenditure rather than depreciated over the useful life of the equipment.

273. The Principal Recipient/sub-recipient is expected to have clear policies on maintenance, disposal and/or replacement of assets (in accordance with the terms of the relevant grant agreement), and costs of such activities should be clearly budgeted if applicable.

274. Transfer of capital items purchased from previous Global Fund grants should be well planned and budgeted during grant-making process. At the time of grant closure, the close-out plan and budget should set

⁶¹ The Global Fund may finance small-scale construction projects but not large-scale health infrastructure projects, such as an entire hospital.

out the details of the Principal Recipient's proposal for use, transfer or sale of all remaining non-cash assets. This should be approved by the Secretariat. See the [Operational Policy Manual](#), Section 3: Grant Closure.

275. From a budgeting perspective, the commercial rationale for any asset budgeted should be presented, either during the funding request process and/or through the grant-making process. A cost-benefit analysis will have to be undertaken by the Principal Recipient comparing asset acquisition options and cost implications. For example, the purchase of a capital asset may be compared with a lease or hire option, if available, while ensuring value for money considerations.

276. In general, assets should be budgeted according to the strategy laid down in the funding request if deemed technically sound and economical. However, if there is evidence that the budgeted items/activities do not demonstrate a strong commercial rationale or competitive options, the Global Fund may decline to fund the budgeted items. For example, if there is insufficient rationale for selecting a high specification vehicle the Global Fund may decline to fund the full cost of the vehicle.

277. Infrastructure and equipment costs should be supported by a detailed estimate which clearly shows the following elements relating to the acquisition of the asset:

- all relevant costs such as the cost of the assets (other than tax, which shall be exempt), quantities, and freight and insurance costs should be budgeted for in accordance with the terms of the underlying transactions; and
- relevant price references, including recent quotations, previous invoices for the same items, price lists of a number of reliable suppliers, reference prices provided by the Global Fund or other credible sources, etc.

278. The timing of budgeting should fit clearly with the goals and objectives in the approved funding request and/or through the grant-making process. Assets purchased under this category should in general be managed in line with local regulations/standards for management, e.g., the local standards for vehicle maintenance and replacement. If different regulations/standards are used, a strong rationale should be provided.

279. The Principal Recipient and relevant sub-recipients are responsible for complying with applicable laws, rules and regulations, such as health and safety regulations, construction, design and management regulations, labor and other laws, third-party liability.

6.5.1 Vehicles

280. The vehicles covered in these guidelines include all types of vehicles which require registration with a vehicle registration authority in the local area where grants are implemented. This will generally include all engine-powered vehicles with certain engine capacity (including automobiles, motorcycles, boats). Prices of the vehicles should be included under cost input "9.2 Vehicles". Any other vehicles are included under cost input "9.3 Other non-health equipment".

281. Budgeting for vehicles should build on the goals and objectives of the funding request and the supporting documentation. Where it is not included as part of the funding request and the amount of funding requested for vehicles is considered significant, a Principal Recipient may be requested to provide the Global Fund with a vehicle needs assessment and management plan incorporating procurement procedures at the start of the grant (or prior to disbursement for the activity).

282. There is no strict definition of what constitutes a "significant" vehicle budget. The Global Fund Country Team may determine whether a vehicle budget is significant based on the country context and circumstances, and on risk concerns. As an indication, the vehicle budget may be considered significant when exceeding US\$0.5 million. In situations where the budget is below this threshold, based on the risks foreseen, the Global Fund Secretariat may still request the vehicle needs assessment and management plan. See **Annex 3E** for an example of the plan.

283. Based on the needs analysis performed, the implementing entities should be able to justify the need for certain types and quantities of vehicles required to achieve the goals and objectives of the program.

284. Vehicle insurance costs, as well as related ongoing running and maintenance costs, should be included in the budget. These costs should be based on the country context, including condition of routes, availability of service networks, and spare parts.

6.5.2 Maintenance cost of equipment

285. Maintenance costs can also be incorporated into the budgets for Global Fund grants. This helps in ensuring that equipment and other assets (health and non-health equipment) procured using the Global Fund grant resources are maintained effectively to support the strategic objectives and investment for impact in a sustainable manner.

286. Maintenance costs for non-health equipment can generally be budgeted under the cost input “9.4 Maintenance and service costs for equipment”.

287. The maintenance costs for health equipment may be budgeted and reported under the cost input “6.5 Maintenance and service costs for health equipment”.

6.5.3 Other considerations on financial management, monitoring and reporting on equipment costs

288. As with other budget categories, contracts for equipment should be awarded on a competitive basis, as outlined in the specific procurement policy of the Principal Recipient and/or national procurement code in all cases, and in compliance with the relevant grant agreement.

289. For all significant budget amounts and a sample of non-material items, the Global Fund may request the Local Fund Agent and/or other Global Fund mandated assurance providers to review the procurement procedures followed, to ensure strict adherence to procurement policies and procedures.

290. Principal Recipients should put in place rigorous mechanisms for the management, safeguard and tracking of program assets procured under the grant at all levels (Principal Recipient, sub-recipient, and other implementing entities). The Principal Recipient/sub-recipient should:

- have an updated asset register with the details of the equipment, location, and person responsible;
- undertake a regular inventory (at least annually) of assets, and document the results of the exercise;
- report all missing and damaged assets to the Global Fund and Local Fund Agent in a timely manner.

291. As a good practice, Principal Recipients should develop a comprehensive annual procurement plan for operational purposes, which outlines the annual procurement needs and procurement method for the acquisition of assets funded from the grant. This will help in determining the most appropriate, economical and cost-efficient method in the procurement of goods and services for program purposes.

6.5.4 Rehabilitation, renovation and enhancement for health infrastructure

292. The costs of health infrastructure used for programs supported by the Global Fund may be funded through Global Fund grants. The health infrastructure may include clinical and non-clinical facilities (e.g., hospitals, primary care clinics, Ministry of Health facilities, local government facilities). The Global Fund does not, however, fund the construction of large-scale projects, such as an entire hospital.

293. The budgeting for such costs should be consistent with the goals and objectives of the funding request with a precisely articulated programmatic rationale. Such rationale should include expected health outcomes, and a cost-benefit analysis demonstrating the business case for the investment compared with other alternatives.

294. Applicants requesting investments in infrastructure are encouraged to provide evidence of co-financing the infrastructure projects from domestic or other donor resources.

295. In selecting implementers for the management of Global Fund programs, the selected entity should normally have adequate facilities for the implementation of the program and therefore the building/leasing of office premises for the implementation of Global Fund programs are generally not funded by Global Fund. In exceptional circumstances, as outlined in the funding request, the Global Fund may consider certain aspects of these costs in post-conflict and post-disaster situations.

296. Rehabilitation and enhancement projects should be completed early within the implementation period of the grant in order to have maximum impact on the grant goals and objectives.

297. Based on the advice of an architect as to the planned project, the budget should include a detailed cost estimate certified by a qualified professional (e.g., quantity surveyor). As a general rule, contingencies or provisions may not be budgeted.

6.5.5 Other considerations on financial management and monitoring of rehabilitation, renovation and enhancement for health infrastructure

298. Prior to commencement of the rehabilitation and/or renovation and enhancement activities, the implementer will be required to submit the following information to the Global Fund for approval:

- feasibility study to show the viability of the project and completion schedule within the grant implementation period, including detailed explanations of what is planned to be rehabilitated and/or renovated/enhanced;
- the total cost of the project, detailing the portion that is requested to be financed by the Global Fund and identifying all the other sources of funding, as well as any conditions attached to those sources of funding;
- information on the sustainability of funding, with an explanation of how the running and maintenance costs of the facility(ies) will be funded;
- information on the mechanisms the Principal Recipient will implement to oversee and monitor the progress of the work including details on the entity(ies) hired for the supervision, quality control and certification; and
- overview of the internal controls and oversight management systems the Principal Recipient will be using to prevent any potential mismanagement of the funds.

299. Selection process: service providers for the rehabilitation, renovation and enhancement of health infrastructure should be selected through a competitive process, in compliance with the relevant grant agreement.

300. During implementation, the Principal Recipient is expected to provide frequent progress updates to the Global Fund on the advancement of the work. Any payment to the contractor, should not be made before the Principal Recipient has received assurance (e.g., payment certificate issued by a certified engineer) that the invoice corresponds to actual quantities of work and materials utilized in the complete and satisfactory performance of the contract, and that all equipment and systems are of good quality, function well and conform to the local standards.

301. See Appendix 3F for more guidance on the Investments in Facilities/Infrastructure Renovation and Construction.

6.6 Communication material and publications

302. The Global Fund may finance communication material and publications intended to ensure that the objectives of programs funded by the Global Fund are achieved. Communication material and publications may include any printed material and other communication costs associated with program-related campaigns, TV spots, radio programs, advertising, media events, education, dissemination, promotion, promotional items. These costs generally include payments to external suppliers for services related to design, content, production and placement of online, printed, audio and video materials.

303. Communication material and publications should be used primarily to deliver messages to target population groups intended to change or endorse behavior, and provide information on services available to these groups.

304. Communication material and publications used for capacity building, planning and administration may also be funded within the Global Fund grants. Service provision protocols, operational templates and training materials should be developed, designed and printed using in-house human resource and printing capacities, and outsourced only in exceptional cases, which should be justified to the Global Fund in budget assumptions.

305. To avoid duplication of costs, communication material and publications already developed, whether internally or externally, should always be considered before budgeting for new communication material and publications. During grant-making or grant implementation, the Global Fund may request the Principal Recipient to provide additional information on the communication material and publications strategy if the budget represents a significant amount. Whether a budget is considered significant will be determined by the Country Team based on the country context and risk analysis.

306. For a budget determined significant by the Country Team, the Principal Recipient will be requested to provide the following additional information to mitigate risks of poor planning and subsequent management of the associated budget:

- a description of the communications strategy for the program and the expected impact of the individual communication activities on target groups;
- demonstration of value for money of the selected communications interventions through the following:
 - showing economy – how the best available prices have been budgeted for externally sourced services for the required specifications; and
 - showing efficiency – all reasonable options have been assessed to arrive at the best possible cost to reach the maximum numbers of beneficiaries, e.g., using in-house capacity at lower cost, using materials already available instead of developing new ones from scratch.
- overview of the internal controls and management systems the Principal Recipient will be using to ensure quality of communication material and publications, competitive procurement, and prevent any potential mismanagement of the communication material and publications inventory and funds intended for such purposes.

307. Internally produced communication material and publications costs should be based on the marginal costs of production. The budget should not include any “sunk costs”, which would be incurred regardless of the Global Fund grant, e.g., machine depreciation, print-shop workers’ costs.

6.6.1 Printed materials

308. **Unit costs** for printed materials should demonstrate economy, as represented by the best available price in the market for the specifications (e.g., color, number of pages, paper format). For budgeting purposes the Principal Recipient should refer to credible pricing references, use historical data, or obtain pro forma invoices to support the costing. The Principal Recipient should ensure that such justification for the unit costs are well documented and readily available for review by the Global Fund or a Global Fund assurance provider. Given that the range of unit prices for printed materials can vary depending on the specifications and format required, the budget should include essential information on the specifications of each item (e.g., color, number of pages, paper format).

309. **Quantities of printed materials** should be clearly justified by linking the number of beneficiaries intended to reach in the goals and objectives of the grant.

310. **Other costs associated with printed materials**, including storage, distribution, design, development and/or translation of contents of communications may be funded by the Global Fund. Any such costs should be supported by clear budget assumptions, and reference sources used for budgeting.

6.6.2 Visual, audio and video materials

311. Behavioral change communication messages may be delivered via the means of billboards, radio and TV advertisements. Sufficient justification should be included (e.g., by the nature of the epidemic, and/or to ensure access to vulnerable populations). The cost of development and production of any such material should be supported with verifiable reference sources and essential specifications. Frequency of audio and video advertisement should be clearly linked with the targets of people intended to be reached.

6.6.3 Other considerations on financial control and monitoring

312. When production of communication material and publications is outsourced, commercial companies should be selected through a competitive process in compliance with the relevant grant agreement.

313. Based on the risk and significance level of individual procurements, the Global Fund may request the Local Fund Agent or any Global Fund assurance provider to either conduct spot-checks on compliance with Principal Recipient procurement policies, be present as an observer during the bidding process, or require the Principal Recipient to obtain a “no objection” to the tender results from the Secretariat.

314. Bidding documents need to be consistent with the Principal Recipient procurement procedures and standard conditions in the grant agreement. Nevertheless, as a general indication, bidding documents for communication material and publications would be expected to include as a minimum:

- detailed work specifications and final detailed price quotation for the service;
- a shortlist of at least three companies, including service proposals with budgets/price quotations; and
- an evaluation report based on the bid criteria, technical proposal, company experience, and proposed fee.

315. The Principal Recipient is ultimately responsible for managing printed materials, and ensures that no fraud, waste or loss occurs at the Principal Recipient/sub-recipient and any implementing entity level. As part of its operational policies, the Principal Recipient should have clearly documented policies and procedures around managing printed materials, including storage and distribution procedures, regular inventory counts, waste and loss prevention etc.

6.7 Indirect and overhead costs

316. The Global Fund may finance indirect and overheads costs associated with the implementation of grants. This section provides guidance to stakeholders on the Global Fund’s budgeting requirements for such costs. The indirect costs are those that cannot be directly attributable to the grant and may include office-related costs (e.g., rent, electricity, utilities, mail, telephone, and internet, insurance⁶², fuel, security, cleaning), related unrecoverable taxes and duties, and indirect cost recovery charged as a percentage of the direct cost.

317. As a general principle, costs charged to a Global Fund grant, whether direct or indirect, must:

- be the actual costs attributable to the activity being funded by the grant (or a reasonable approximation thereof);

⁶² “Risk-based insurance costs” for the safeguarding and protection of grant assets (tangible or not) may be eligible costs to be budgeted/expensed in Global Fund programs. Country context and risk is a key determining factor on insurance costs.

- not bear any profit element or margin above cost;
- not be charged with a view to income generation; and
- not include any risk premium which is not based on actual cost.

318. When a Principal Recipient manages multiple Global Fund grants or other donor funded projects, only incremental administrative costs deriving from the additional level of activity directly attributable to the Global Fund grant may be included in the new grant's budget. In certain circumstances, the Global Fund may accept actual cost apportionment based on the value of funds being managed. Such apportionment ratios should be adjusted on a regular basis and at least annually to ensure fair charging of administrative costs and will be subject to the Global Fund's written approval.

319. Funding available through the Principal Recipient's own resource-mobilization activities and through other donor funding should be taken into account when requesting funds from the Global Fund for indirect and overhead related costs.

320. All direct administrative costs budgeted in the Global Fund grants should be detailed and itemized by nature, showing assumptions, quantities and unit costs. When relevant and available, historical costs should be taken into account. Deviations from historical costs should be clearly justified. To include a budget for indirect costs (e.g., if the Global Fund is requested to finance a share of the electricity bill), the Principal Recipient should:

- provide sufficient details of the total cost of the item (by type, with all assumptions including quantities and unit costs);
- show the contribution expected from the Global Fund;
- provide the rationale and method behind the allocation of costs to the Global Fund grants which should be verifiable; and
- ensure that the Global Fund will be charged with no more than the fair share of costs required for the level of effort of the activity(ies). For example, rent may be apportioned based on the square meters used for the staff involved in the Global Fund grant management.

321. Human resources costs for grant management and administration (e.g., salaries of program managers, financial officers, monitoring and evaluation officers), whether direct or indirect, should be costed under the human resources cost grouping. For more guidance, see section 6.2.

6.7.1 Management fees and indirect cost recovery

322. In preparing the budget, the Principal Recipient is encouraged to include all relevant direct costs or indirect overhead costs. No other charges related to grant management should therefore be budgeted. Any item presented as a management fee is ineligible for funding⁶³.

323. In the case of grants managed by international nongovernment organizations and other international organizations, provisions may be included in the grant budgets to remunerate services provided by the headquarters in support of the implementation of the grant at the country level. For further guidance, see the [Operational Policy Manual](#), Section 1.4: OPN on Support Costs/Indirect Cost Recovery (ICR) Policy for Non-Governmental Organizations.

324. Local nongovernmental organizations should include all costs associated with the implementation of the grant as "direct" charges and percentage-based indirect cost recovery may not be charged when the Global Fund is the main funder of the implementer's operations. This is due to the fact that all costs to be incurred for the grant would be locally generated without any headquarter-based support.

325. Where local nongovernmental organization is implementing programs and activities from several donors and has financial systems and capability to demonstrate transparent cost recovery, as determined by the Global

⁶³ Except for UN agencies and multilateral organizations, where specific arrangements with the Global Fund may apply based on the respective agreement between the Global Fund and those agencies and organizations.

Fund in its sole discretion, the Global Fund⁶⁴ may authorize charging a percentage of direct costs as indirect cost recovery under similar conditions stipulated for international nongovernmental organizations and multilateral organizations (including provisions related to eligible and non-eligible costs for cost recovery). The maximum percentage chargeable by local nongovernmental organizations are covered in the [Operational Policy Manual](#), Section 1.4: OPN on Support Costs/Indirect Cost Recovery (ICR) Policy for Non-Governmental Organizations.

326. Governmental Principal Recipients should only charge direct costs to Global Fund budgets. Indirect costs, such as the use of facilities, heat and light, are assumed to be funded through the national budget. Such costs may only be charged in exceptional situations where the Principal Recipient can clearly demonstrate that indirect costs have increased incrementally as a result of the Global Fund grants. No percentage-based costing for indirect cost is allowable for government and public entities.

327. The Principal Recipient is responsible for negotiating any indirect and overhead costs to be charged by sub-recipients and other implementing entities based on the same principles described above, and at the same level of details. The Principal Recipient must be able to provide, upon the request of the Global Fund, the required documentation to support the budget for sub-recipient administrative costs during grant negotiation or, if the sub-recipient has not yet been selected at the time of signing the grant agreement, no later than when the Principal Recipient signs the sub-recipient agreement. If such entities are international nongovernmental organizations, the relevant indirect cost recovery policies on sub-recipient costs apply. For further guidance, see the [Operational Policy Manual](#), Section 1.4: OPN on Support Costs/Indirect Cost Recovery (ICR) Policy for Non-Governmental Organizations.

6.8 Living support to client/target population

328. The Global Fund grants may provide funding for living support. Living support to clients/target populations incorporates support for income-generating activities and is defined by the Global Fund as:

- monetary or in-kind support given to clients and patients enabling them to access program services (e.g., school fees for orphans);
- assistance to foster families;
- transport allowances to the treatment and care centers;
- patient incentives;
- grants for revenue-generating activities, food and care packages; or
- costs associated with supporting patient care.

329. The budget must be based on clear and reasonable assumptions for the number of target beneficiaries and the specifications of the living support package, which guide quantities and unit costs. The assumptions should be consistent with the approved funding request and/or through the grant-making process and based on:

- latest results available and expected trends;
- assumptions concerning the target population; and
- relevant national or international guidelines and/or best practices. In the absence of such guidelines, guidance from technical partners and/or specialized institutions (microcredit/microfinance institutions) should be requested.

330. The quality and specifications of products/supplies listed should correspond to program needs, targets, relevant national and international policies and/or best practices. Applicable regulations and laws should be carefully considered and complied with during planning and budgeting (e.g., licenses for microfinance program, food safety certifications).

⁶⁴ The recommendation to the GAC should explicitly refer to the application of the indirect cost recovery mechanism for local nongovernmental organizations.

331. Effective and verifiable control systems, procedures and processes should be managed by the Principal Recipient and any relevant sub-recipients relating to the following:

- identification of the program clients and beneficiaries;
- fair distribution of benefits within the selected group of clients;
- ensuring the support reaches its intended beneficiaries;
- control over storage and distribution; and
- verification, supervision and accounting of the relevant monetary or in-kind support activities.

332. In general, the use of vouchers and cash transfers instead of actual food packages distribution or other in-kind contributions should only be implemented where effective control mechanisms exist. The control mechanisms ensure that only the target populations receive the support and to minimize subsequent distribution and on-selling activities.

333. If vouchers or cash are used, the Principal Recipient should demonstrate that the risks will be managed and mitigated by using effective control and monitoring systems, and, where necessary, by partnering with experienced organizations. Any such instruments should be implemented in line with national priorities and policies and their use should be backed up by a cost-benefit analysis, which demonstrates the optimal cost per unit.

334. Any scheme involving support to households should be costed at an amount which is appropriate according to the local market practice in the relevant country. The scheme should also include a sustainability plan addressing long-term planning issues.

335. Food supplement schemes such as food care packages⁶⁵ should follow, where possible, recognized feeding regimes and pricing, such as those provided by the World Food Programme, adjusted to local contexts and conditions. Standard contents for the packages to be provided should be developed and approved by appropriate experts. The contents should be costed at the lowest possible price which meets the required standards. Benchmarking to standard pricing of specialized agencies for basic food packages is strongly recommended.

336. The amounts of allowances should be based on reasonable rates (example: the cost of a return trip on local public transport). Wherever possible and cost-effective, the payment for services should be made directly to the supplier (e.g., purchase of public transport tickets, hospital fees, purchase of bulk supplies).

6.8.1 Microloans⁶⁶ and microgrants

337. For schemes involving revolving funds or microfinance arrangements, the recovery of funds and interest rate and credit assessment mechanisms should be clearly explained and must be robust and effective in order for the scheme to operate within the boundaries of the budget. The budget should take into account recoveries as well as payments. The budget should provide for the capacity to manage the funds with skilled personnel and appropriate systems for the distribution and recovery of loans.

6.8.2 Cash incentives

338. Any schemes involving the payment of incentives using Global Fund monies to patients, beneficiaries, counselors and mediators should involve reasonable unit costs considering among factors the country context and for example, time required per day, expected results, and transportation costs. The payment of these incentives should not be in addition to any other incentive payments funded by Global Fund grants. The incentive should be paid directly to the patient or beneficiary in the most efficient way while mitigating risks of mismanagement or inappropriate payments.

⁶⁵ Examples of existing food care packages provided by Global Fund programs include free food packages to TB patients (including for example: rice, beans and vegetable oil), and food supplements to HIV patients.

⁶⁶ Examples might include a microloans program for individuals supporting petty trade, small animals purchase or gardening projects and training.

339. Particular care should be taken to classify incentives and allowances paid to staff and volunteers as allowances under cost input “1.2 salaries – outreach workers, medical staffs and other service providers” under human resources as stipulated in section 6.2.2 above. Consequently, incentives paid to community health workers are thus not to be classified under “living support”.

340. It is recommended to undertake a prior risk assessment on introducing or continuing cash incentives and provide for evaluation of impact as part of implementation to make adjustments.

Appendix 1 – The Global Fund Costing Dimension

Analytical grouping	Cost grouping ⁶⁷	Description	Applicable Cost Inputs
Human Resources	1 Human Resources	See Sections 6.1 and 6.2 of the guidelines for more information.	1.1 Salaries - program management 1.2 Salaries - outreach workers, medical staff and other service providers 1.3 Performance-based supplements, incentives 1.4 Other human resources costs
Program-related Costs	2 Travel-related Costs	See Section 6.3 of the guidelines for more information	2.1 Training-related per diems/transport/other costs 2.2 Technical assistance-related per diems/transport/other costs 2.3 Supervision/surveys/data collection-related per diems/transport/other costs 2.4 Meeting/advocacy-related per diems/transport/other costs 2.5 Other transportation costs
Program-related Costs	3 External Professional Services	See Section 6.4 of the guidelines for more information.	3.1 Technical assistance fees/consultancy fees 3.2 Fiscal/fiduciary agent fees 3.3 External audit fees 3.4 Other external professional services 3.5 Insurance related costs
Health Products-related Costs	4 Health Products -Pharmaceutical Products	See Section 6.5 of the guidelines for more information.	4.1 Antiretroviral medicines 4.2 Anti-tuberculosis medicines 4.3 Antimalarial medicines 4.4 Opioid substitutes medicines 4.5 Opportunistic infections and STI medicines 4.6 Private sector subsidies for ACTs (co-payment to 4.3) 4.7 Other medicines
Health Products-related Costs	5 Health Products - Non-Pharmaceuticals	All other health products not covered under the “4.0 Health Products - Pharmaceutical Products” and “6.0 Health Products – Equipment” shall be budgeted under this category. Health products – non-pharmaceutical products shall be included in the LoHP and shall be automatically integrated in the budget as part of the Principal Recipient submission	5.1 Insecticide-treated nets (long-lasting insecticidal nets/insecticide-treated nets) 5.2 Condoms – male 5.3 Condoms – female 5.4 Rapid diagnostic tests 5.5 Insecticides 5.6 Laboratory reagents 5.7 Syringes and needles 5.8 Other consumables 5.9 Private sector subsidies for rapid diagnostic tests (Co-payments to 5.4)

⁶⁷ The costing elements of the Global Fund modular approach

Analytical grouping	Cost grouping ⁶⁷	Description	Applicable Cost Inputs
Health Products-related Costs	6 Health Products - Equipment	See Section 6.5 of the guidelines for more information.	6.1 CD4 analyzer/accessories 6.2 HIV viral load analyzer/accessories 6.3 Microscopes 6.4 TB molecular test equipment 6.5 Maintenance and service costs for health equipment ⁶⁸ 6.6 Other health equipment
Health Products-related Costs	7 Procurement and Supply Chain Management Costs	See Section 6.5.3 of the guidelines for more information.	7.1 Procurement agent and handling fees 7.2 Freight and insurance costs (health products) ⁶⁹ 7.3 Warehouse and storage costs 7.4 In-country distribution costs 7.5 Quality assurance and quality control costs 7.6 Procurement and supply management customs duties and clearance charges 7.7 Other procurement and supply management costs
Infrastructure and Non-Health Equipment	8 Infrastructure	See Section 6.6 of the guidelines for more information.	8.1 Furniture 8.2 Renovation/constructions 8.3 Infrastructure maintenance and other infrastructure costs
Infrastructure and Non-Health Equipment	9 Non-health Equipment		9.1 IT - computers, computer equipment, software and applications 9.2 Vehicles 9.3 Other non-health equipment 9.4 Maintenance and service costs non-health equipment
Program-related Costs	10 Communication Material and Publications	See Section 6.7 of the guidelines for more information.	10.1 Printed materials (forms, books, guidelines, brochure, leaflets, etc.) 10.2 Television/radio spots and programs 10.3 Promotional material (t-shirts, mugs, pins, etc.) and other communication material and publications costs
Indirect and Overhead Costs	11 Indirect and Overhead Costs	See Section 6.8 of the guidelines for more information.	11.1 Office-related costs 11.2 Unrecoverable taxes and duties 11.3 Indirect cost recovery - % based 11.4 Other PA costs
Program-related Costs	12 Living support to client/target population	See Section 6.9 of the guidelines for more information.	12.1 Support to orphans and other vulnerable children (school fees, uniform books, etc.) 12.2 Food and care packages

⁶⁸ The implementer may also combine maintenance cost of all equipment (health and non-health) under cost input 9.4 if this will enhance efficiency and facility expenditure reporting.

⁶⁹ If the tender specifically expects the product to be quoted Free on Board (FOB) and so freight charges are required to be paid.

Analytical grouping	Cost grouping ⁶⁷	Description	Applicable Cost Inputs
			12.3 Cash incentives/transfer to patients/beneficiaries/counselors/ mediators 12.4 Microloans and microgrants 12.5 Other costs related to living support to client/target population
Program-related Costs	13 Payment for Results	Innovative investment model for cash on delivery mechanism. This investment model is available at the discretion of the Global Fund under specific circumstances.	The aspect of the results-based financing grant related and paid on performance. If there are other fixed costs not directly linked to performance, the regular cost inputs above should be used for those components.

Appendix 2 – Budgetary adjustments

Discretionary Cost Categories

Human Resources:

- a. Any increase in salary or incentive or top-ups above those already planned in the budget to staff/agents working for Global Fund program should be approved by the Global Fund regardless of the percentage of increase.
- b. The increase in staff number is left to the Principal Recipient discretion, provided:
 - i. It follows the Principal Recipient’s own procedure and approval process for a budget modification;
 - ii. It follows the Principal Recipient’s own procedure and approval process of recruitment;
 - iii. It is programmatically justified;
 - iv. It is within the limit of 5 percent of the total cost grouping budget.

Vehicles:

- c. The acquisition of additional vehicles is left to the Principal Recipient discretion, provided:
 - i. It follows the Principal Recipient own procedure and approval process for a budget modification;
 - ii. It follows the Principal Recipient own procedure and approval process for asset acquisition;
 - iii. It is programmatically justified;
 - iv. It is within the limit of 5 percent of the total value of budgeted vehicles.

Travel-related costs (per diems, etc.)

- d. The Principal Recipient should notify the Global Fund of any change in the per diem policy of their organization.
- e. Any increase in per diem rate outside the Principal Recipient per diem policy and different from those foreseen in the budget should be approved by the Global Fund.
- f. The increase in participant number is left to the Principal Recipient discretion, provided:
 - i. It follows the Principal Recipient own procedure and approval process for a budget modification;
 - ii. It is programmatically justified;
 - iii. It is within the limit of 5 percent of the total cost grouping budget.

Indirect costs/overheads

- g. The maximum rates which an eligible nongovernmental organization may charge to support costs/indirect cost recovery under Global Fund grant agreements and grant extensions signed are established in the [Operational Policy Manual](#), Section 1.4: OPN on Support Costs/Indirect Cost Recovery (ICR) Policy for Non-Governmental Organizations.
- h. If the Global Fund at its sole discretion approves funding for support costs/indirect cost recovery, 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.

Budgetary Adjustment Examples

Background Facts

Principal Recipient X signed an HIV grant with the Global Fund on July 1, 2015, for a total of \$3,270,285. The summary budget is presented below.

As part of the grant agreement, the Global Fund added the category external professional services as an additional discretionary cost category to the default list (human resources, vehicles, travel-related costs and indirect costs/overheads).

Example 1

Five months into grant implementation, unexpected changes in prices in the country cause the budget of some activities planned for the third quarter under the intervention “Behavioral change as part of programs for general population” to *increase* by \$20,000.

The Principal Recipient wants to fund the increase by using the savings realized on the intervention “Behavioral change as part of programs for other vulnerable populations” and needs to determine if pre-approval is needed from the Global Fund.

The three-year budget for the intervention “Behavioral change as part of programs for general population” (the increasing intervention) is \$173,268. An increase of \$20,000 will result in a budget increase of $20,000/173,268 = 12\%$ (<15%).

The three-year budget for the intervention “Behavioral change as part of programs for other vulnerable populations” (the decreasing intervention) is \$532,679. A decrease of \$20,000 will result in a budget decrease of $20,000/532,679 = 4\%$ (<15%).

For both the increasing and decreasing interventions, the budget change is under 15 percent and it is considered a nonmaterial adjustment. Therefore, Global Fund pre-approval is not required.

Example 2

The Principal Recipient wants to allocate the increase in budget to two activities in the intervention “Behavioral change as part of programs for general population”:

- “2.1.3.1.4 Consultant – designer comic strip” budgeted under the cost input 3.1 – Technical assistance/consultancy (cost grouping 3 – External Professional Services). The budget will be increased by \$6,000.
- “2.6.8 Condoms as part of programs for MSM and TGs” budgeted under the cost input 5.2 – Condoms – male (cost grouping 5 – Health Products – Non-Pharmaceuticals). The budget will be increased by \$14,000.

The total budget of the cost grouping 3 – External Professional Services for the three year implementation period amounts to \$73,528.

The total budget of the cost grouping 5 – Health Products – Non-Pharmaceuticals for the three year implementation period amounts to \$85,000.

The total cost grouping “External Professional Services” will increase by \$6,000, representing an increase of 8.2 percent ($6,000/73,528$).

The total cost grouping “Health Products – Non-Pharmaceuticals” will increase by \$14,000, representing an increase of 16.5 percent ($14,000/85,000$).

In this case, the Principal Recipient will have to request the prior written approval of the Global Fund for the increase to cost grouping 3 because the percentage increase of the defined discretionary category (External Professional Services) exceeds the threshold of 5 percent.

The Principal Recipient may increase the budget of the second activity without prior approval from the Global Fund because (i) the increase in budget does not exceed the 15 percent threshold for increases in budget by intervention and (ii) cost grouping 5 – Health Products – Non-Pharmaceuticals is not a defined discretionary cost category.

Budget Example

Cost Grouping	Year 1	Year 2	Year 3	Total
1.0 Human Resources (HR)	688,546	596,827	116,814	1,402,186
2.0 Travel related costs (TRC)	678,741	298,279	50,571	1,027,591
3.0 External Professional services (EPS)	53,533	19,996	-	73,528
4.0 Health Products - Pharmaceutical Products (HPPP)	-	-	-	-
5.0 Health Products - Non-Pharmaceuticals (HPNP)	85,000	-	-	85,000
6.0 Health Products - Equipment (HPE)	-	-	-	-
7.0 Procurement and Supply-Chain Management costs (PSM)	-	-	-	-
8.0 Infrastructure (INF)	-	-	-	-
9.0 Non-health equipment (NHP)	-	-	-	-
10.0 Communication Material and Publications (CMP)	100,000	58,493	269	158,762
11.0 Programme Administration costs (PA)	234,618	242,769	45,830	523,218
12.0 Living support to client/ target population (LSCTP)	-	-	-	-
13.0 Results-based financing (RBF)	-	-	-	-
Total	1,840,437	1,216,364	213,484	3,270,285
Intervention	Year 1	Year 2	Year 3	Total
Analysis, review and transparency	6,659	6,050	1,390	14,099
Behavioral change as part of programs for general population	127,003	46,265	-	173,268
Behavioral change as part of programs for MSM and TGs	96,070	44,766	772	141,608
Behavioral change as part of programs for other vulnerable populations	440,190	92,489	-	532,679
Behavioral change as part of programs for sex workers and their clients	9,800	16,023	-	25,823
Community-based monitoring for accountability	64,121	85,422	19,000	168,543
Condoms as part of programs for MSM and TGs	4,339	4,556	1,196	10,091
Condoms as part of programs for sex workers and their clients	10,061	2,641	-	12,702
Development and implementation of health legislation, strategies and policies	1,313	919	483	2,716
Grant management	233,306	100,415	9,280	343,001
Health and community workers capacity building	21,198	2,647	-	23,845
HIV testing and counseling as part of programs for general population	10,834	14,220	5,972	31,026
Institutional capacity building, planning and leadership development	89,345	125,083	32,834	247,263
Other	42,536	16,708	-	59,244
Other interventions for MSM and TGs - Please specify	58,227	38,240	10,038	106,504
Other interventions for other vulnerable populations - Please specify	891	513	269	1,673
Other interventions for sex workers and their clients - Please specify	27,734	27,459	7,208	62,401
Policy advocacy on legal rights	3,978	-	2,193	6,171
Policy, planning, coordination and management	503,109	544,809	114,485	1,162,403
Retention and distribution of health and community workers	16,935	2,873	-	19,808
Routine reporting	37,556	32,677	8,363	78,596
Scaling up health and community workers	1,012	-	-	1,012
Surveys	34,221	11,588	-	45,810
Total	1,840,437	1,216,364	213,484	3,270,285

Appendix 3 – Specific budgeting and costing guidance

Appendix 3A – Indicative documentation concerning remuneration levels

For entities receiving the Global Fund resources for the remuneration of staff, a Principal Recipient should be able to provide the following documentation for review by the Global Fund to ascertain the reasonableness of budgeted costs:

- i. A description of the typical types of positions required for the Global Fund-funded program and the local labor market conditions for such positions;
- ii. All salaries, salary top-ups and allowances should be based in local currency. If a different currency is used (USD/EURO), the rationale and an independently determined and verifiable rate should be disclosed;
- iii. A description of costs budgeted by a grant, for example, full costs for new program specific positions, or percentage based top-ups for existing staff. In cases where existing staff are seconded to a Program Management Unit of the Principal Recipient, it is not appropriate to significantly increase salaries in line with market conditions without competitively offering the position to external candidates to ensure that the increased costs attract the best possible candidates.
- iv. A description of costs covered by the government (for public sector entities) such as basic salary and benefits of existing staff;
- v. Relevant salary framework to benchmark salaries against relevant positions in country, for example, harmonized donor salary framework;
- vi. A description of salary ranges for generic positions, for example, Program Manager, M&E Officer, Finance Officer/Accountants, Finance Assistant, Driver & Clerk;
- vii. A description of any benefits payable, the rates and the circumstances when they should be paid;
- viii. Where salary supplements or incentives are budgeted, their purpose should be disclosed, such as the motivation of staff for additional effort or retention of core staff;
- ix. A description of the future sustainability of funding for human resources costs beyond the term of the Global Fund grant.

Appendix 3B – Template employee biographical data sheet

1. Name		2. Contractor Name		3. Position Under Contract	
4. Employee's address		5. Contract Number (or RFP number)		6. Proposed Salary	
		7. Citizenship		8. Duration of Assignment	
9. Telephone Number		10. Email		11. Languages	
				12. Background check⁷⁰ <input type="checkbox"/> No issues <input type="checkbox"/> Issues	
13. Education (include all college or university degrees)					
Name and Location of Institution		Major	Degree		Date
14. Employment History					
a. Give last three years only . List salaries separate for each year.					
b. Salary definition: Base salary. Exclude bonuses, profit sharing arrangements, commissions, overtime, post differential, cost of living or dependent allowance, consultant fees, etc.					
Position	Employer's name and address		Dates of employment		Annual Salary (US Dollars)
Title	Point of contact and telephone		(mm/yyyy)		
			From	To	
15. Specific Consultant Services					
(Give at least three years). Daily rate definition: Base salary. Exclude bonuses, profit sharing arrangements, commissions, overtime, per diem, post differential, cost of living allowance, overhead, indirect costs, G&A fees, etc.					
Position	Employer's name and address		Dates of employment		Daily Rates in US Dollars
Title	Point of contact and telephone		(mm/dd/yyyy)		
			From	To	
16. Certification To the best of my knowledge, the above facts as stated are true and correct.					
Signature of Employee/consultant				Date	
Signature of contractor's Representative (if any)				Date	

⁷⁰ The employee or consultant must have a certificate of character and/or a copy of their criminal record on file if they will hold decision making position and/or would have access to grant bank accounts or payment authorization authority. In the event issues are identified, please include a summary of the issues on file and indicate how this does not impact on the proper use of Global Fund resources under the grant.

Appendix 3C – Developing training plans

The objective of the training plan is to translate the training needs referred to in the funding request and/or the training needs assessment into a detailed budget which supports the reasonableness of budgeted costs following the general principles outlined in section 6.3.1, demonstrates value-for-money, ensures proper planning, and prevents any potential mismanagement of the funds intended for training purposes during implementation.

A training plan includes three sections:

- a table of general information on the grant and training plan;
- a narrative description of the training framework; and
- a list of the training activities/schedules for the full implementation period of the grant.

Section 1: General information

Grant Name:	
Principal Recipient:	
Grant start and end date (indicate which implementation period):	
Period covered by this training plan with start and end date:	
Does the training plan include any training program that is co-funded? If yes, please briefly indicate the training programs and the major co-funders.	
Total budget of the training plan:	
Proportion of training budget against the approved budget:	

Section 2: Training framework

In this section, please provide a narrative description of the training plans funded under the grant, covering all training programs in the Performance Framework of the grant agreement and those training programs in the detailed budget which are closely linked to successful delivery of a people-reached indicator.

Please note: Answers in this section should briefly describe the training framework under the grant, rather than providing detailed information for each training program individually.

2.1 Training design

Please answer the following questions on the training design.

- i. How do the objectives of the training programs add value to the goals and objectives of the grant?
- ii. How will trainers and trainees be selected to support the delivery of top-quality training?
- iii. How will course outlines, training materials and tools be developed? (e.g., expert group, consultant, re-use of existing materials)
- iv. How will pre- and post-training knowledge and skills be evaluated?

- v. Please describe measures to ensure that training programs are in line with national guidelines, national human resources development plan.

2.2 Training logistics

Please provide a narrative description of the plans for arranging the training logistics.

- i. How will training logistics service providers be selected?
- ii. How will participants' travel, accommodation and per-diem distribution be organized?
- iii. How are per diem rates calculated, and in case the implementing entity does not have its own policy on per diem rate, how do per diem rates compare to those paid by similar organizations in the country?
- iv. How will risks associated with cash transaction be minimized and mitigated?

2.3 Post-training follow-ups

How will the assessment of the knowledge and skills of the trainees be included in the general health outcome assessment in the region/country?

Section 3: List of training activities and schedules

Based on and consistent with the budget, please provide a list of all training activities/schedules for the full implementation period of the grant (unless a different timeframe has been agreed with the Country Team/Fund Portfolio Manager).

The Principal Recipient should use the extracted list from the detailed budget with the budget assumption detail such as: the quarter/year of the training, number of participants, number of days, per diem per participants, cost of venue, cost of supplies and materials, cost of facilitators, other costs relevant to the training.

Appendix 3D – Budgeting for monitoring and evaluation

Monitoring and evaluation activities are intended to ensure that there are strong programmatic data to provide evidence of achievement of program targets and ultimately program goals and objectives.

Data is required for program planning, program management and assessing progress. Data collection systems and data sources are needed to ensure data are available for routine monitoring and assessing impact of disease control efforts. In addition to investments in data sources and collection methods, countries should focus on the capacity to disaggregate, analyze and use data for program quality improvement and impact.

To ensure the best use of limited resources, countries need to identify a set of prioritized areas and activities to be supported by the Global Fund. In order to help identify a set of prioritized Monitoring and Evaluation areas and activities to be supported by the Global Fund grants, please refer to the [Guidance Note on Essential Set of Data System Investments](#). It highlights areas that require special attention and should be budgeted for in the Global Fund grants **if not already supported by other resources**.

This guidance does not prevent countries from investing in other data elements essential to a particular country context and where gaps exist. For a full range of Monitoring and Evaluation interventions and illustrative activities refer to the [Modular Framework Handbook](#).

Monitoring and Evaluation costs included in the detailed budget/Workplan should be consistent with activities planned in the Monitoring and Evaluation Plan (National or grant specific, as applicable) including the strengthening measures to improve the Monitoring and Evaluation system identified through Monitoring and Evaluation system or Data Quality assessments.

All Monitoring and Evaluation activities, disease specific and/or cross-cutting, should be included under the module “Health management information systems and Monitoring and Evaluation”.

All Monitoring and Evaluation investments should be classified under one of the six standard interventions:

- routine reporting;
- program and data quality;
- analysis, review and transparency;
- surveys;
- administrative and financial data sources; and
- civil registration and vital statistics system.

Principal Recipients should ensure that the budgeted monitoring and evaluation activities do not overlap with activities already planned and funded by the national government or other funders.

Principal Recipients need to demonstrate that the activities are being implemented in the most cost-efficient way. As much as possible, existing resources and systems should be used. Principal Recipients should gather information on historical costs of activities already implemented in the country for benchmarking purposes.

Monitoring and evaluation costs usually include cost for:

1. Routine Programmatic Data Collection and Reporting

The Principal Recipient is responsible to ensure the functioning of the routine programmatic data collection and reporting system to track programmatic results achieved against targets set in the performance framework, and/or National Strategic Plans and Monitoring and Evaluation Plans.

The routine data collection and reporting activities should be consistent between the Monitoring and Evaluation plan and the detailed budget/Workplan.

To avoid overlaps in funding, the Monitoring and Evaluation plan and the detailed budget/Workplan should indicate the funding contributions of the Global Fund and other sources (if any) for routine data collection and reporting activities

Overall program supervision related costs should be included under the module “Program management”. If the supervision related activities are specifically for data collection, reporting and/or data validation these can be included under the intervention “Routine reporting” under the module “Health Information system and Monitoring and Evaluation”. Such Monitoring and Evaluation visits should be supported by a description of:

- i. the nature and scope of these visits;
- ii. planned frequency;
- iii. role and function of each participant during these visits; and
- iv. expected outcome of the Monitoring and Evaluation visits.

Detailed costs for each Monitoring and Evaluation visit should be provided, including all assumptions related to transport and per diems.

The findings and follow-up actions from the Monitoring and Evaluation visits should be documented through mission reports, highlighting issues encountered and actions taken.

Specific attentions should be paid to ensure that supervision activities related to data collection and validation are optimized and combined whenever possible to save travel costs.

2. Program and data quality

In order to ensure program and data quality in Global Fund supported programs, the Principal Recipients should budget for program and data quality assessments per the [Guidance Note on Essential Set of Data System Investments](#) and the [Operational Policy Manual](#), Section 2.5 OPN on Program and Data Quality when they are not planned or fully funded with existing resources.

In general, the program and data quality assessment activities budgeted in the grant should be:

- robust, e.g. nationally representative or well-designed special study or evaluation
- based on the identified program and data quality risks that have been previously identified
- costing should build on historical costs of implementing such activities.

When budgeting for such assessments the Principal Recipient should provide the following:

- scope of the assessment
- type of tool or assessment process
- size of the sample
- availability of co-funding

Planning and implementation of program and data quality assessments should be a country-led process with coordination across the various donors and stakeholders to avoid duplication of efforts and costs.

3. Data analysis, program reviews and evaluations

To support the budget for periodically conducted program reviews, evaluations, operational research, etc. Principal Recipients should provide the justification for the need for such activities, as well as expected results in the Monitoring and Evaluation plan.

Program reviews and evaluations play a vital role in systematically and objectively assessing the relevance, performance, impact and sustainability of programs. Program reviews and evaluations should aim to at least:

- assess the extent to which the goals and objectives of the program were achieved;
- assess program quality;

- demonstrate accountability and transparency;
- assess potential for longer term sustainability; and
- foster continued dialogue and action for program improvement.

To ensure that evaluations and reviews are robust enough to measure progress and impact and will continue to inform decisions, they should have an in-depth epidemiological and impact analysis as an integral part.

In high impact and core countries, program reviews should be budgeted for per the [Guidance Note on Essential Set of Data System Investments](#) if these reviews are not otherwise planned or fully funded with existing resources. In focused countries, independent evaluations will be planned, commissioned and paid by the Global Fund. Notwithstanding this, countries may wish to budget for program reviews, in which case any planned independent evaluations will be coordinated with the national program reviews.

In case the implementation of an evaluation or any survey is outsourced, the service provider should be selected through a competitive process in compliance with the relevant article on Contracts for Goods and Services of the Global Fund Grant Regulations (2014).

4. Surveys

To support the budget for periodically conducted surveys and other special studies, the Principal Recipients should provide the justification for the need for such survey and studies, as well as expected results in the Monitoring and Evaluation plan.

In case the implementation of any survey is outsourced, the service provider should be selected through a competitive process in compliance with the relevant article on Contracts for Goods and Services of the Global Fund Grant Regulations (2014).

The Principal Recipient is responsible to:

- ensure that surveys needed to track impact/outcome and programmatic results achieved against targets set in the performance framework are appropriately undertaken during grant implementation.
- demonstrate that the budgeted surveys do not overlap or duplicate other surveys already planned under or outside the grant financing.
- seek co-funding of surveys.

To support the budget for a survey, the Principal Recipient should provide with the following:

- i. justification for the need for such survey and expected results;
- ii. explanation of the protocol planned to implement the survey, including the sample size planned;
- iii. list and detailed costing of activities required to implement the protocol designed. All costs should be detailed and itemized for Global Fund review.

Human resources, Capacity building and technical assistance

The need for human resources linked to Monitoring and Evaluation should be based on an assessment of the existing system. Each position should be requested based on specific Terms of Reference responding to a gap identified.

Capacity building activities may be included as part of the monitoring and evaluation, such as trainings and technical assistance including those related to local capacity development for data analysis and use for quality improvement, better resource allocation and improved program management.

Any budget related to capacity building for Monitoring and Evaluation should be included under relevant Monitoring and Evaluation interventions and supported by an assessment of existing capacity gaps and needs, and the related budget to address the gaps included in the Monitoring and Evaluation plan. The Principal Recipient should justify why the Global Fund's financial support is needed.

If not done during proposal process, the need assessment should be done before grant signing to allow specific capacity building costs to be included in the grant budget.

Appendix 3E – Vehicle needs assessment and management plan

1. Use of vehicles and quantity needed

The implementing entities should have a clear understanding of their requirements for vehicles necessary to serve the needs of the program while achieving value for money. The implementing entities should clearly document the following:

- **Primary and secondary uses of the vehicles:** What will the vehicles be used for (e.g., transporting people, supplies)? The direct linkage to proposal goals and objectives should be made.
- **Frequency of use:** What will be the frequency of use of the vehicles required?
- **Term of the need:** Will the vehicle serve the short- or long-term needs?
- **Capacity needs:** What is the total number of people/quantity of supplies to be transported?
- **Special configurations:** What are the special features/options required for particular needs to ensure compliance with all relevant regulations and safety requirements?
- **Quantity:** How many vehicles of each type will be needed for the program?
- **Financial gap:** How many vehicles of each type are being funded by other sources, including both domestic and external? What is the gap that the Global Fund is requested to fill?

Based on the analysis performed, the implementing entities should be able to justify the need for purchasing certain types and numbers of vehicles. For example, in cases when the need for certain vehicles is short term or the use of vehicles is infrequent, it could be met by renting/reimbursing the use of personal cars; in cases of long-term needs and frequent uses, the purchase or lease options should be considered.

2. Existing infrastructure and other considerations

As part of the needs assessment, the implementing entities should also evaluate the existing infrastructure, such as the condition of routes, availability of service networks, spare parts and fuel stations.

- **Suitability of structures:** Are the roads, bridges and other transportation structures suitable to drive with specific vehicles?
- **Space availability:** Will there be sufficient safe place to park/leave the vehicles?
- **Service networks:** Will suitable workshops be available to properly and cost-effectively service the vehicles?
- **Spare parts and tires:** Will there be sufficient spare parts and tires with proper quality and cost in the local market (or will there be a need for importing)?
- **Fuel availability:** Is fuel (diesel and gasoline) and are lubricants readily available in the area of operation?

3. Administrative policy

Describe the administrative procedures for management of the fleet. Describe the role and identify the person(s) or units responsible for fleet management at Principal Recipient level. Where more than 10 vehicles will be used at sub-recipient level, also describe the same for sub-recipients. Describe who has executive responsibility for decisions regarding vehicle purchase, replacement, maintenance, repair, assignment/use, disposal and review of any reports of inappropriate use.

4. Operational policy and procedure

The Principal Recipient and any sub-recipients operating fleet vehicles (at least 10) are required to maintain written policies and procedures governing operations. Written policies and procedures should be approved by and on file with the Principal Recipient.

Entities are encouraged to adopt practices specific to their fleets. Any policies and procedures adopted

in addition to these should be consistent with the requirements of the plan.

Vehicle operation policies and procedures shall address, but are not limited to:

- Driver eligibility;
- Use of personally owned vehicles;
- New vehicle delivery;
- Vehicle replacement schedules;
- Disposal of used vehicles;
- Preventative maintenance;
- Vehicle cleaning;
- Warranty tracking;
- Repairs;
- Safety and accident reporting;
- Registration renewals;
- Insurance renewals;
- Responsibilities of drivers;
- Vehicle assignment or motor pool procedures;
- Appropriate use of grant vehicles.

5. Acquisition policy

The Principal Recipient should define the acquisition policy, the procurement and tendering process and be aware of and approve that of sub-recipients, if separate. The tendering process should be guided by efficiency, effectiveness and economy of scale. Bulk procurement is encouraged with clear specifications and delivery timelines for all implementers.

Vehicle replacement

How often and under what conditions are vehicles replaced?

Vehicle transfer

When and under what conditions is vehicle ownership transferred?

Alternatives to vehicle purchasing

The Principal Recipient should provide evidence that it has considered the feasibility of alternatives to purchasing vehicles, including leased and rental vehicles and reimbursement for the use of government/employee owned vehicles.

6. Use and maintenance policy

Vehicle assignment

The Principal Recipient should describe the policy for determining the use and maintenance of vehicles. Assignment of a vehicle to an individual administrative or executive employee on a regular or daily basis is prohibited without written documentation that the assignment is critical to the mission of the agency or institution.

Reporting assignment

Principal Recipient or institutions assigning vehicles to individual administrative or executive employees shall retain the following information, available for inspection:

- Vehicle identification number, license plate number, year, make and model;

- Name and position of the individual to whom it is assigned; and
- Reason the assignment is critical to the mission of the agency or institution.

Fuelling

The Principal Recipient needs to explain and incorporate the fuel allocation policy and practice in the manual of procedure.

7. Replacement and disposal policy

In general, Principal Recipients should define the optimum replacement cycle which minimizes overall capital and operating costs over time.

There may be circumstances in which vehicles may be replaced sooner (such as excessive maintenance or repair costs) or retained longer (such as unusually low maintenance costs). Fleet managers may make this determination on a case-by-case basis.

Procedure for vehicle disposal

Principal Recipients should define the procedure for disposal (sale and/or other forms of disposal)

Appendix 3F – Insurance-related costs

In accordance with the grant regulations, program assets⁷¹, including health and non-health products as well as other assets procured by grant implementers using grant funds, need to be insured.

Grant implementers should refer to the Global Fund Insurance Guidelines (2017, as may be amended from time to time) for all the necessary information related to insuring program assets.

This section is dedicated to the budgeting modalities of the insurance process and how to correctly reflect insurance-related costs in the Global Fund budgeting template.

With regards to program assets there are two main supply chain areas where insurance is applicable: upstream and downstream.

- The upstream supply chain is typically related to any goods (health products/non-health products, equipment, etc.) up to the point that they are delivered to the country of destination and before they are contractually handed over to the implementer. The insurance cost related to the upstream supply chain shall be reflected under the cost input “7.2 Freight and Insurance” with the amount attributed to the insurance of goods that is separate from the freight associated costs.
- The downstream supply chain is typically related to all further in-country activities related to the storage, transportation and distribution of the goods and program assets. The insurance costs related to the downstream supply chain shall be reflected under the cost input “3.5 Insurance-related costs”.

The following types of insurance costs will fall under the downstream supply chain category:

- All risk property insurance
- Transportation of goods insurance (i.e., point-to-point transportation insurance)
- Motor and fleet insurance
- Other insurance-related cost (for specific insurance products and policies that do not form part of the above categories)

Grant implementers shall clearly record the insurance policy type in the activity field of the detailed budget template and provide all the necessary details in the justification/comments field.

Insurance-related cost should be taken into consideration at the funding request stage based on the program design taking into account all the potential cost drivers (e.g., volume of health and non-health products, equipment and consumables for the grant activities) and should be further refined in greater detail in the budget at the grant making stage.

The grant implementer should properly maintain and store all supporting documents for the insurance-related costs including tender/bidding documentation, prices quoted by the supplier, policy details, historical records of previous invoices or any other credible pricing reference documentation.

The accurate recording and storing of the aforementioned insurance contracts is important for further expenditure tracking and reporting that is attributed to each insurance type during grant implementation period.

The Global Fund, at its sole discretion, may request grant implementers to provide further details related to the insurance-related expenditures under periodic grant reporting. This is important for the monitoring and strengthening of the risk management of the program assets.

Selection process: insurance providers should be selected through a competitive process, in compliance with the relevant grant agreement. More information is provided in the insurer selection process under the Global Fund Insurance Guidelines.

Health and medical insurance for the grant implementer’s employees should be included in the cost of employment and recorded under the Human Resources cost group.

⁷¹ Please refer to the definition of the program assets in The Global Fund Grant Regulations (2014)

In the instance where some of the components of insurance coverage is not clear or the cost associated with insurance coverage is inadequate (unreasonably high or low) grant implementers should escalate this to the Global Fund to consult and seek approval.

Appendix 3H – Guidance for applicants on investments in facilities/ infrastructure renovation and construction

Applicants may use resources provided by the Global Fund for improving or scaling-up health infrastructure defined as follows:

- “Improving” means enhancing the functionality and/or quality of existing facilities by renovating and/or redesigning a part or full facility, and/or installing equipment and/or furniture.
- “Scaling-up” means increasing the operational output by enlarging existing facilities or constructing new facilities.
- “Health infrastructure” means facilities that are necessary for the uninterrupted operation of the health system and may include: service delivery facilities (e.g., outpatient clinics, inpatient clinics, etc.), support facilities (e.g., supply chain warehouse, residential accommodation for health care personnel, etc.), administrative facilities (e.g., offices of the Ministry of Health, offices of regional/district health departments, etc.) and others.

Applicants should consider the following guidance when making a request for investments in infrastructure. The proposed amount and justification for these investments should be discussed and agreed with the Secretariat’s Country Teams.

1. **Differentiated approach**

In middle-income countries, small and medium infrastructure-related activities, such as building or renovating a warehouse or an ANC clinic or purchasing large-scale equipment (e.g., X-ray machines, ultrasound, etc.), may be supported only with strong justification and by providing convincing explanation of the lack of domestic or other donor resources. Applicants requesting investments in infrastructure are encouraged to provide evidence of co-financing for the infrastructure projects from domestic or other donor resources.

Low-income countries may have more flexibility to include such interventions. However, large infrastructure projects (e.g., building a medical or nursing school, or a general hospital) are normally not supported by the Global Fund. Exceptions can be made in post-conflict countries or other COEs with strong justification.

Decisions on support for such requests will be made based on the review of other needs and of the Global Fund’s overall investment portfolio in the country.

2. **National Standards and Norms**

All construction/renovation projects should strictly follow national architectural and engineering standards and norms for health facilities. In countries where relevant national standards and norms are not available, or are outdated, applicants must include in the funding request the necessary technical support to either develop new national standards or to use the standards and norms of other (relevant) countries as a benchmark. In all cases, infrastructural plans must be approved by national authorities (according to the national regulations) before the work is commenced.

3. **Special Considerations: Medical laboratories**

The construction/renovation of medical laboratory facilities requires special consideration since the function of the medical laboratory is to handle hazardous substances, including chemicals and infectious agents. Attention to the proper planning, design and construction or renovation of laboratory facilities is necessary to reduce this risk to personnel and the environment. In addition, foresight and planning for future operations, maintenance, and sustainment of the laboratory is crucial to ensuring the initial investment, as well as the health and safety of workers, their families and the communities that the laboratories serve. Comfort and energy-efficiency are also of considerable importance. Laboratory space must be appropriate for the activities conducted, while maintaining an appropriate temperature for laboratory equipment to operate and the tests to be conducted. Laboratories are unique facilities, and they may contain multiple hazard levels and conditions for the work they do. A host of criteria, including risk assessment and safety, as well as comfort and energy efficiency, must be considered when a laboratory is first planned or subsequently renovated in order

to determine the optimal design and process. The safety of workers and the community must be taken into account and remain the primary goal of a laboratory during any modifications. Regulations, guidelines and standards to ensure laboratory safety have been published by many bodies and regulatory organizations. Specific national guidance for laboratory construction and renovation should always be followed, when available. General guidance and considerations for laboratory construction may also be obtained at <http://www.who.int/csr/resources/publications/biosafety/>.

Biosafety Levels are recognized operational designations for laboratories and consist of combinations of laboratory practices and techniques, safety equipment, and laboratory facility aspects. Each combination is specifically appropriate for the operations performed on the documented or suspected routes of transmission of the infectious agents, and the laboratory function or activity. In general, the type of organisms and the hazards that they represent are taken into account when planning, designing, constructing, and working in medical laboratories. A risk assessment should always be conducted as part of the preplanning process and safety analysis for renovation or new medical laboratory construction.

Solar energy, passive ventilation and other renewable energy innovations should be considered whenever possible, as long as they do not compromise safety and security of the laboratory and its personnel and community.

4. Minimum information to be included in the Funding Request

Applicants should provide a full and precise description of the type of work that is needed for all infrastructural projects to the satisfaction of the Secretariat. The Secretariat may request the LFA to review the amount and justification.

In general, the work can be grouped under one or more of the following categories, and the Global Fund will generally take the differentiated approach to investments as shown below:

Country classification	Furnishing an existing facility	Light refurbishment and/or refreshment of existing facility	Renovation/Construction⁷²
	Provision of furniture and/or equipment. No civil work is involved, except some minor works as necessary for installing the equipment of furniture.	Requires some (mostly internal) civil work, but without structural changes of the existing facility.	Either expanding the existing facility, completing unfinished facility, or constructing a new facility.
Low-income countries	Yes	Yes	Generally not supported
Middle-income countries	With strong justification	With strong justification	Generally not supported
Post-conflict countries or other COEs	Yes	Yes	With strong justification

In each case, the funding request should include a detailed narrative explaining the volume and scope of the work. In case of light refurbishment/refreshment and renovation/construction, the narrative should also be accompanied by a photo of the existing site, as well as a sketch of the expected end product.

Each request for light refurbishment/refreshment and for renovation/construction should include a detailed explanation of project supervision arrangements. Where possible, these arrangements should follow national regulations. The review process of requests for investments in infrastructure

⁷² In general, the Global Fund does not provide funding for buying land.

refurbishment/renovation/construction will take into consideration the robustness of the proposed monitoring and supervision arrangements as well.

5. Criteria for Justification

Applicants should explain in detail the purpose and expected outcomes of the proposed infrastructural projects. Justification should clarify the size and composition of the beneficiary population (e.g., outreach area covers 500,000 population, among which there are high number of internally displaced people who do not have access to service delivery facilities, etc.) and should explain why such investment is necessary. Applicants should also specify the consequences if the investment is not approved and how this will affect the overall program implementation and/or national strategy implementation.

6. Sustainability Plan

When requesting funding for infrastructural projects, applicants should provide convincing evidence (or a plan) of the commitment by relevant authorities to operationalize and maintain the infrastructure in question for long-term, sustainable use, including the availability of plans and resources for adequate staffing, security, maintenance and operational costs. Applicants should also specify an agreed plan on handing over the infrastructure to local stakeholders.

Relevant Links

- Funding Model: <https://www.theglobalfund.org/en/funding-model/>
- Application Materials: <https://www.theglobalfund.org/en/applying/funding/materials/>
- Applicant Resources: <https://www.theglobalfund.org/en/applying/funding/resources/>
- Modular Framework Handbook:
https://www.theglobalfund.org/media/4309/fundingmodel_modularframework_handbook_en.pdf
- Instructions for Completing the Detailed Budget Template:
https://www.theglobalfund.org/media/5546/fundingmodel_detailedbudgettemplate_instructions_en.pdf
- Principal Recipient Progress Update and Disbursement Request Guidelines:
https://www.theglobalfund.org/media/6156/core_pudr_guidelines_en.pdf
- Guidelines for Annual Audits of Global Fund Grant Program Financial Statements:
https://www.theglobalfund.org/media/6041/core_annualauditsoffinancialstatements_guideline_en.pdf
- Operational Policy Manual:
https://www.theglobalfund.org/media/3266/core_operationalpolicy_manual_en.pdf
- Grant Regulations: https://www.theglobalfund.org/media/5682/core_grant_regulations_en.pdf
- Guide to Global Fund Policies on Procurement and Supply Management of Health Products:
https://www.theglobalfund.org/media/5873/psm_procurementssupplymanagement_guidelines_en.pdf
- Wambo: www.wambo.org
- Office of the Inspector General: <https://www.theglobalfund.org/en/oig/>
- Building Resilient and Sustainable Systems for Health through Global Fund Investments Information Note:
https://www.theglobalfund.org/media/4759/core_resilientsustainablehealth_infonote_en.pdf