

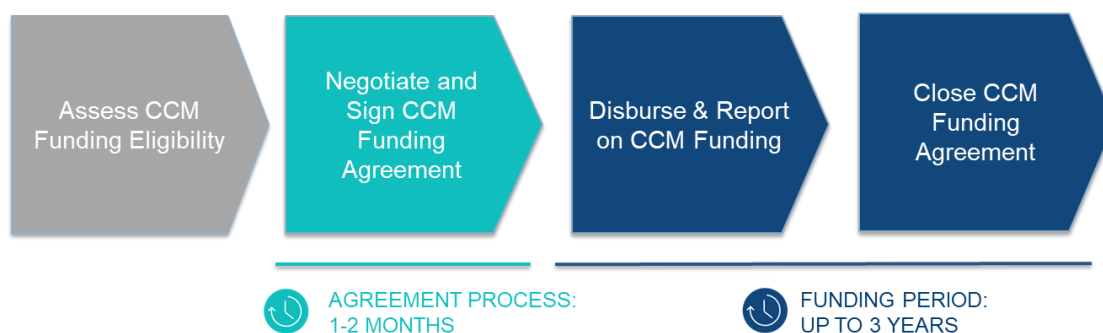
Operational Policy Note

Country Coordinating Mechanism Funding

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

Overall Objectives

1. The Global Fund provides Country Coordinating Mechanism funding (CCM Funding) through performance-based agreements tied to achievement of performance objectives¹. CCM Funding aims to support:
 - a. CCM core functions as set forth in the [CCM Policy Including Principles and Requirements](#);
 - b. CCM performance and maturity in oversight, key populations engagement, linkages, and CCM functioning, as set forth in the [CCM Policy Including Principles and Requirements](#).
2. The framework below provides an overview of the CCM Funding process:



Operational Policy

3. This Operational Policy Note (OPN)² describes the rules and requirements that Country Coordinating

¹ As set forth in the [CCM Policy Including Principles and Requirements](#).

² This document replaces previous CCM Funding OPN and CCM Funding Guidelines.

Mechanisms (CCMs)³ must follow to receive CCM Funding.

4. Unless otherwise stated in this OPN or agreed in writing with the Global Fund, CCMs must comply with the [Global Fund Guidelines for Grant Budgeting](#) when using CCM Funding.
5. The CCM Hub, within the Grant Management Division, centrally manages CCM Funding, including the CCM Funding Agreement negotiation and execution, disbursement, monitoring & reporting, and closure processes. This is done in close consultation with Country Teams.

Assess CCM Funding Eligibility

6. Eligibility for CCM Funding is determined by compliance with the six CCM Eligibility Requirements, as set forth in the [CCM Policy Including Principles and Requirements](#), until the last Global Fund grant is closed. Eligibility for CCM Funding does not guarantee an allocation of funding for CCMs.
7. Compliance with CCM Eligibility Requirements 1 and 2 is assessed by the Global Fund's Access to Funding Department, at the time of submission of the national request for funding through the country's allocation, as set forth in the [CCM Policy Including Principles and Requirements](#), and in the [OPN on Design and Review of Funding Request](#).
8. Compliance with CCM Eligibility Requirements 3 to 6 is assessed at the time request for funding stage and on a yearly basis, as set forth in the [CCM Policy Including Principles and Requirements](#). An Eligibility and Performance Assessment must be carried out as an evaluation tool to assess compliance with CCM Eligibility Requirements 3 to 6.

Negotiate and Sign CCM Funding Agreement

CCM Funding Period and Amount

9. CCM Funding is approved for a three-year funding period⁴, and no overlap between funding periods is allowed: the earlier CCM Funding Agreement is automatically terminated when the new CCM Funding Agreement is signed.
10. A CCM Funding Performance Framework is determined at the beginning of each funding period. The Performance Framework must be consistent with the country-context and composed of a set of indicators targeting the performance objectives each CCM is required to report on annually⁵. Failure to meet the agreed objectives affects the disbursement decisions in subsequent years, in line with the principle of performance-based CCM Funding.
11. The Global Fund determines at the beginning of each funding period an annual funding envelope amount for each CCM ("Funding Envelope"), which is based on the achievements of the performance objectives set in the preceding funding period. The total CCM Funding Agreement amount corresponds to three Funding Envelopes, that are distributed and spent over the three-year funding period. This amount cannot be increased during the funding period.
12. For CCM Funding Agreement amounts higher than US\$ 300,000, the CCMs must demonstrate

³ For purposes of this document, the term "Country Coordinating Mechanism" or "CCM" includes all coordinating mechanisms fulfilling CCM functions as they are set forth in the [CCM Policy Including Principles and Requirements](#).

⁴ The three-year funding period is not necessarily aligned with the national grant allocation cycle.

⁵ Indicators may be defined by CCM Hub in cooperation with CCMs, Global Fund Country Teams and other relevant teams within the Global Fund Secretariat.

mobilization of additional external funding, which must be at least 20 percent of the amount exceeding US\$ 300,000. The CCMs must report annually on the use of such external funds.

Eligible Items for CCM Funding

13. The CCM Secretariat operational costs and CCM activities must be agreed and endorsed by all CCM members. They must be included in a Costed Work Plan by cost grouping, performance area, and respective budget cost. Costed Work Plans must be submitted to and approved by the Global Fund annually.
14. The following categories of operational costs and activities are eligible for CCM Funding⁶:
 - a. Human Resources (CCM Secretariat staff⁷)
 - b. Travel Related Costs (includes meeting expenses)
 - c. External Professional Services
 - d. Non-health Equipment (office furniture and equipment)
 - e. Communication Materials and Publications
 - f. Indirect and Overhead Costs
15. The Human Resources budget is validated as a fixed cost and cannot increase during the three-year funding period. Any annual salary increases aligned with national or organizational policy of the hiring entity must be budgeted for within the agreement. The budget shall not exceed 2 full-time equivalent headcounts.
16. CCM Secretariat staff must (i) be accountable to the CCM as a whole, and not to any single constituency or member, (ii) have clear terms of reference, (iii) be recruited through a transparent and documented process based on capacity for the role and global good practices, and (iv) be rigorously evaluated on a regular basis, with participation of all CCM constituencies. Global Fund support to HR costs is dependent on the performance of the CCM Secretariat.
17. Activities linked to the CCM's role in strengthening sustainability and / or preparing for transition from Global Fund financing⁸ can be financed via the CCM Funding Agreements. CCMs whose country is notified by the Global Fund that they have disease components that are a "transition preparedness" priority or that they are receiving transition funding⁹ must use a portion of CCM Funding to implement activities that support the sustainability of the national responses to the three diseases¹⁰. Other activities included in this category are those related to the continuation of the role of the CCM or activities to ensure the continuation of the principles of Global Fund CCMs in other national governance mechanisms after full transition from Global Fund financing.

⁶ Please refer to [Instructions included in the Costed Work Plan](#) template for more details on each category.

⁷ Employees supporting CCM Secretariat's cleaning and other services not related to the CCMs' core functions must be included in the category Indirect Overhead Costs.

⁸ This principle applies the approach set forth in the [Sustainability, Transition and Co-financing Policy](#) (GF/B35/04 – Revision 1 Board Decision).

⁹ Under the Sustainability, Transition and Co-financing (STC) Policy, all Upper Middle Income (UMI) countries (regardless of disease burden) and Low Middle Income (LMI) countries with disease components that have a low burden are considered transition preparedness priorities. While this does not mean that all the disease components in this category are transitioning from Global Fund financing immediately, it does mean that these components should proactively prepare for transition from Global Fund financing and that transition considerations should be included in Funding Requests, grant design, program design, and co-financing commitments. For more information, please consult the [STC Guidance Note](#).

¹⁰ While these activities will depend heavily on country context, they may include activities such as strengthening oversight of sustainability or transition work-plans, oversight of compliance with co-financing commitments, support for implementation of recommendations from Transition Readiness assessments or other comparable analyses, etc. More information on the Global Fund's overall approach to sustainability and transition can be found in the Global Fund's [STC Guidance Note](#).

18. CCMs must allocate at least 15% of the CCM Funding Agreement amount to support constituency engagement for non-governmental sector activities, in order to facilitate non-governmental constituency consultations, including civil society and key population groups, and to promote and improve the quality of stakeholder participation. Failure to comply with this requirement may affect disbursement decisions in subsequent years and calculation of the Funding Envelope.
19. The use of CCM Funding has the following limitations:
- a. cannot be used to remunerate CCM members;
 - b. cannot be used to finance Principal Recipient's activities;
 - c. cannot be used for consultancy costs associated with writing national funding requests for Global Fund financing¹¹;
 - d. cannot be used to finance international travels;
 - e. cannot be used to purchase a vehicle, nor for long-term lease of a vehicle;
 - f. cannot be used for CCM member per diems, except for CCM members representing Civil Society; and
 - g. cannot be used to cover travel costs for CCM members, with the exception of Civil Society representatives.
20. The costs included in the Costed Work Plan are reviewed and validated by the Global Fund to determine their eligibility, reasonableness, and consistency with local prices, salaries, operating costs, and historical reports. The CCM Hub Manager approves the Costed Work Plan.

CCM Funding Agreement

21. CCM Funding Agreements are signed by the Global Fund, the CCM and, when applicable, a third entity acting as CCM Funding Recipient.
22. The CCM must nominate two signatory authorities for the signature of a CCM Funding Agreement: CCM Chair or CCM Vice-chair¹² and a Civil Society representative.
23. In cases where the CCM is not a legally incorporated body, a CCM Funding Recipient is designated by the CCM to be responsible for receiving and managing CCM Funding on behalf of the CCM. The Global Fund verifies the legal capacity of this entity to receive and manage funds with the support of the Local Fund Agent (LFA).
24. All CCM and CCM Funding Recipient signatory authorities are subject to the Global Fund's anti-terrorism screening.
25. The CCM Hub Manager is the Global Fund's signatory authority for CCM Funding Agreements, as well as related amendments and disbursement decisions¹³.
26. A CCM Funding Agreement must incorporate:
- a. Agreement Face Sheet
 - b. Costed Work Plan for Year 1¹⁴

¹¹ Country Dialogue consultations can however be supported through CCM Funding.

¹² A different CCM member, duly appointed and acting on behalf of the CCM Chair or CCM Vice Chair, could sign the agreement.

¹³ The signature of CCM Funding Agreements, related disbursements and amendments is regulated by the Global Fund Signature Authority Procedure.

¹⁴ Costed Work Plans for the succeeding funding years are approved annually. No Implementation Letters are required.

c. CCM Funding Performance Framework for Year 1¹⁵

d. Standard Terms and Conditions.

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

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

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

Disburse & Report on CCM Funding

Disbursement Decision

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

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

32. Failure to meet the performance objectives reduces the subsequent disbursement decisions, with performance-based reductions up to 10% per indicator targeting CCM's performance, and up to 5% per indicator targeting CCM Secretariat's performance¹⁶. The Global Fund determines the rate to be applied based on the CCM's historic and overall performance, absorption rate and Funding Envelope.

Reporting Requirements

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

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

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

36. The unspent funds at the end of a funding year may be reprogrammed and included in the Costed Work Plan for the succeeding funding year within the same funding period and for the implementation of CCM activities without seeking Global Fund's written approval. The in-country cash balance at the

¹⁵ CCM Funding Performance Frameworks for the succeeding funding years are approved annually. No Implementation Letters are required.

¹⁶ The base used to apply the performance-based reductions is the Funding Envelope.

end of a three-year funding period is deducted from disbursements for the next CCM Funding Agreement, or, in the absence of a new CCM Funding Agreement, returned to the Global Fund.

37. The Global Fund reserves the right to request at the end of each funding year, based on in-country risk level, financial review, audit, or any other action that it deems necessary to ensure CCM's accountability, as set forth in the [Standard Terms and Conditions of the CCM Funding Agreement](#), through an external agent or LFA.
38. Expenses incurred must be verified at the end of each 3-year funding period by an external audit. The Global Fund reserves the right to request at any time a financial review, audit, or any other action that it deems necessary to ensure CCMs' accountability, as set forth in the Standard Terms and Conditions of the CCM Funding Agreement, through an external agent or LFA.
39. A recovery process (as defined in the Global Fund Budgeting Guidelines) is triggered when the Global Fund determines that expenditures incurred by the CCM, or when applicable by the CCM Funding Recipient, were not compliant with the relevant CCM Funding Agreement, this OPN or the Global Fund Budgeting Guidelines.
40. Cash refund of the full recoverable amount in the currency in which the funds were disbursed is the default mode of resolution for all recovery cases. Where the recovery and other possible leverages have failed to resolve a recovery matter, the Global Fund's Recoveries Committee may approve, without limitation, a reduction to a CCM's annual Funding Envelope by an amount equal to double the outstanding recoverable amount¹⁷.

Close CCM Funding Agreement

Types of closure

41. There are three types of closure of CCM Funding Agreement with differentiated requirements.
42. Closure due to end of CCM Funding: CCM Funding stops being allocated to the CCM.
43. Closure due to a change of the CCM Funding Recipient: the CCM decides to transfer the CCM Funding Recipient role from one entity to another. CCM Funding is continued through a new CCM Funding Agreement signed with the newly appointed CCM Funding Recipient.
44. For the two above-mentioned cases, the CCM must complete the following requirements to close the CCM Funding Agreement:
 - a. Report on the last year of expenditure¹⁸ and achievement of performance targets;
 - b. Transfer the in-country cash balance to the new Funding Recipient, or returning to the Global Fund¹⁹;
 - c. Clear outstanding commitments and refund to the Global Fund non-eligible expenses;
 - d. Account for and transfer or dispose non-cash assets: the outgoing entity (CCM or CCM Funding Recipient) must complete an inventory of non-cash assets procured with CCM Funding. In accordance with the [Standard Terms and Conditions](#) of the CCM Funding

¹⁷ Refer to the Recovery Process set forth in the [Global Fund Guidelines for Grant Budgeting](#).

¹⁸ The report must be audited and, if applicable, subject to LFA verification, as described in Paragraph 38.

¹⁹ The choice between the two options depends on CCM Funding Recipient's regulations, and timeline for the verification of closing cash balance.

Agreements, these assets must be transferred to the new CCM Funding Recipient or, in case of termination of CCM Funding, to national entities. The transfer must follow the necessary legal processes of the country, be endorsed by CCM members and approved in writing by the Global Fund.

45. Closure due to end of a three-year funding period: CCM Funding is continued through a new CCM Funding Agreement signed by the same parties. CCMs must in this case:

- a. Report on last year expenditure and achievement of performance targets; and
- b. Clear²⁰ outstanding commitments and refund of non-eligible expenses.

Annex 1. Definition of Terms

1. **Country Coordinating Mechanisms (CCM):** mechanisms for public-private partnership in the coordination with disease programs at country and/or regional level, as set forth in Paragraphs 7 to 12 of the [CCM Policy including Principles and Requirements](#).
2. **CCM Secretariat.** The CCM Secretariat performs day-to-day operations on behalf of the CCM, supports the implementation of the CCM's decisions, facilitates the participation of all CCM members in CCM meetings and decision-making processes and helps the CCM achieve its strategic mandate. The CCM Secretariat's duties include extensive coordination, meeting logistics and oversight visits, and communication between the Global Fund and in-country (or regional, as the case may be) stakeholders. To limit actual and potential conflicts of interest, the CCM Secretariat shall be independent from Principal Recipients (PRs), Sub-Recipient (SRs), and other implementing entities.
3. **CCM Funding Recipient:** The CCM Funding Recipient is a legally incorporated body with the authority to enter into legally binding agreements with third parties. When a CCM does not comply with these requirements, it designates a third entity responsible for receiving and managing funds on its behalf. As set forth in the [Standard Terms and Conditions of CCM Funding Agreements](#), the CCM Funding Recipient shall ensure that all funds are prudently managed and shall ensure all the necessary actions to ensure that the funds are used solely to pay for activities in accordance with the agreed Costed Work Plan.

²⁰ The report must be audited and, if applicable, subject to LFA verification, as described in Paragraph 38.