

Guidance on GC7 Mid-cycle Reprioritization and Revision

PURPOSE

1. This document outlines the operational policies and procedures to guide Principal Recipients (PRs), Country Coordinating Mechanisms (CCMs)¹ and the Global Fund Secretariat on the Grant Cycle 7 (GC7) mid-cycle reprioritization and revision exercise. This document replaces the Operational Policy Note on Funding Request (on confirming grant amounts) and Revise Grants (on revision approach) for this specific reprioritization and revision exercise. The approach and timelines defined in this guidance apply only to grants integrating the reprioritization through the revision process; grants still in grant-making that will sign within the reduced allocation are not subject to these timelines.

KEY CONSIDERATIONS

- Reprioritization approach. The exercise builds on the pause/deferral of certain activities initiated by the Global Fund in April 2025 and focuses on reprioritizing investments to preserve and enable access to lifesaving services across disease programs and health and community systems, including to cover for partner gaps. Reprioritization and revision must align with the earlier-issued <u>GC7 Programmatic</u> <u>Reprioritization Approach</u> document. As part of the reprioritization exercise, paused/deferred activities can be reconsidered with justification.
- 3. Link to GC8 preparation. Planning for changes to GC7 grants, as appropriate, can also support PRs and CCMs in preparing for Grant Cycle 8 (GC8), with a particular emphasis on integration, value for money, equitable access to services and the long-term sustainability of HIV, TB and malaria activities within countries' primary health care services and health and community systems. While the primary focus of this exercise is on GC7 reprioritization, efforts made now will lay the groundwork for more strategic and aligned planning in GC8.
- 4. Revision approach. Grant revisions related to the reprioritization exercise are undertaken in stages. First, the overall grant amount is reduced through the issuance of a Notification Letter by the Global Fund, applicable to all signed GC7 grants. Depending on the extent of the changes to the grant, the Country Team together with the PR determines if a further revision is needed to capture programmatic and/or budgetary changes. If needed, this further revision can be done either through (i) a programmatic scope revision or (ii) a budget revision. A "programmatic scope revision" is undertaken when there are changes to the programmatic scope of the grant as defined in the Revise Grants OPN and following the adapted revision approach defined in this document (see section on Determine Need for Further Revision). The PR and Country Team (CT) can also combine other changes (such as the integration of approved private sector funding e.g., Climate x Health Catalytic Funding) with the programmatic scope revision. A budget revision can be undertaken in accordance with the <u>Revise Grants OPN²</u> and <u>Guidelines on Grant Budgeting</u>.
- 5. Grant Consolidation. As part of the programmatic scope revision, CCMs, PRs and the Global Fund may agree, on an exceptional basis, to consolidate grants currently implemented with the same PR, provided the grant consolidation revision can be completed by end of August and signed by 30 September 2025. Grant consolidation follows the standard approach as defined in the <u>Revise Grants OPN</u> and the <u>Reconcile Implementation Period and Close Grants OPN</u>.

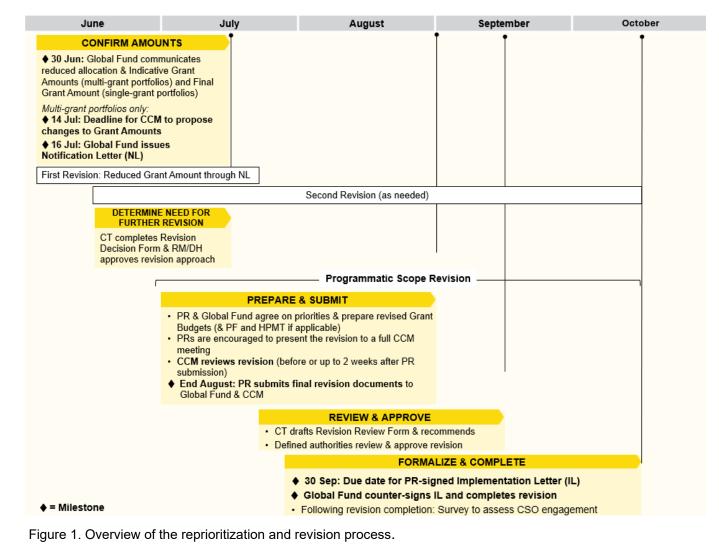
¹ Throughout this document, references to CCM include a Regional Coordinating Mechanism (RCM), Regional Organization (RO) or other applicant as applicable.

² With some adaptations. Please coordinate with Grant Ops on the approach.

- 6. **Timelines.** For grants undertaking a programmatic scope revision, PRs must submit to the Global Fund revised grant documents agreed by the CCMs by 30 August 2025. The Implementation Letter must be signed, dated and submitted by the PRs to the Global Fund as early as possible, and by 30 September 2025.
- 7. Close Engagement of PR, CCM and Global Fund. Given the tight timelines, it is imperative that the PR, CCM and the Global Fund Secretariat work closely together to define revised priorities and prepare the revised grant documents. CCM engagement must be inclusive and transparent, ensuring all relevant stakeholders, especially communities and civil society organizations (CSOs) are consulted. The Global Fund Secretariat will take a proactive role in facilitating this process by providing timely guidance and support on stakeholder engagement, and, where necessary, requesting support from Local Fund Agents (LFAs) to verify evidence of engagement. Following the PR's submission of revised grant documents, the Global Fund Secretariat will conduct a survey to assess the quality of engagement.
- 8. **Grant Entity Data (GED):** The PR needs to ensure that GED required to process revisions (e.g., PR contact information) is updated early to avoid delays in the revision finalization process and to ensure the correct GED is appropriately reflected in all revision documents.³

REPRIORITIZATION AND REVISION PROCESS

9. Figure 1 below provides an overview of the reprioritization and revision process with relevant guidance in the following sections.



³ See <u>OPN on Grant Entity Data</u> for Grant Entity Data required throughout the grant life cycle, including for revisions.

A. Confirm Grant Amounts

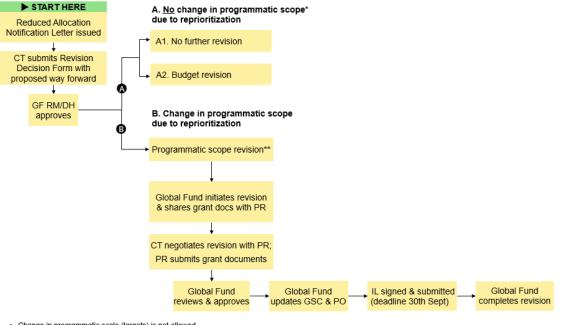
- 10. For all eligible countries, the Global Fund provided reduced allocations and indicative grant amounts to CCMs and PRs by 30 June 2025.⁴
- 11. CCMs with multiple grants have a two-week window in which to consider the indicative grant amounts and have an opportunity to propose a change to the grant amounts through submitting the Grant Amounts Modification Form no later than 17h CET, 14 July 2025. For portfolios with a single grant, the CT and PR can proceed to the revision stage.
- 12. If a CCM does not respond by 17h CET, 14 July 2025, this triggers automatic confirmation of the indicative grant amounts (communicated by the Global Fund) as final.

CCM-proposed modifications to the indicative grant amounts are assessed against justification provided by the applicant.

- 13. The reduced grant amounts are communicated by the Global Fund to the PR and CCM through a Notification Letter. The Notification Letter memorializes the first revision to the grant by reducing the grant funds amount available to the Principal Recipient. The Notification Letters are captured in the Global Fund system in a central manner.
- 14. If the CCM proposes increasing a grant amount beyond the grant signed amount, the CT is required to consult with their CT Legal Counsel regarding next steps. An additional funding revision may be needed pursuant to the <u>Revise Grants OPN</u> (as well as Board approval if the total disease amount is higher than the Board approved-upper ceiling for that component).

B. Determine Need For Further Revision

15. Following issuance of the Notification Letter confirming the reduced grant amount (first revision related to the reprioritization exercise), the Country Team, with RM/DH approval, determines if a further revision is needed to capture the changes to the grant <u>related to the reprioritization exercise</u>. The CT assessment is captured in the Revision Decision Form. Figure 3 provides an overview of the process for determining the need for further revision.



Change in programmatic scale (targets) is not allowed.
 ** Revision can be used to record additional changes

Figure 3. Process for determining the need for further revision

⁴ For the 54 portfolios with only one grant, the Global Fund provided the reduced allocation and final grant amounts in the reduced allocation letter, which also serves as the Notification Letter.

16. When the reprioritization results in a change in programmatic scope, a programmatic scope revision is undertaken. Other revisions can be combined with the programmatic scope revision as long as completed by 30 August 2025, with the Implementation Letter signed by 30 September 2025.

A change in programmatic scope, consistent with the definitions and principles established in the <u>Revise Grants Operational Policy Note</u>, is defined as meeting one or more of the following conditions:

- A change to one or more goals and/or objectives; and/or
- The addition or deletion of interventions (including those related to RSSH, Human Rights, and Gender Equality), either at the grant level or within a disease/RSSH program. Note: This includes "effective deletion," where the scale of an intervention is reduced to the extent that its intended outputs or objectives are no longer feasible or achievable.
- 17. If the changes resulting from reprioritization do not meet the above conditions, a programmatic scope revision is not required. If a budget revision is needed, the process as defined in the <u>Revise Grants OPN⁵</u> and Guidelines on Grant Budgeting is followed. If deemed necessary by the PR and/or CT, a material budget revision may include an updated baseline budget (to be captured in the Global Fund system⁶) with a written acknowledgement from the PR that the updated baseline budget will be used for disbursement and reporting purposes.
- 18. While CCM endorsement is not a requirement for budget revisions, the PR is required to inform the CCM before submitting material budget revisions to the Global Fund. Hence, it is expected that the PRs will continue to engage with the CCMs on budget revisions resulting from the GC7 reprioritization exercise. The CCM will receive Global Fund system notifications on key milestones for ongoing revisions and is encouraged to use this as an opportunity to engage with the PR.

C. Undertake Programmatic Scope Revision

Prepare and Submit Programmatic Scope Revision

- 19. The programmatic scope revision is undertaken (through a system-driven funding reduction revision⁷) and is initiated by CT recommendation and RM/DH approval. To facilitate timely and coordinated programmatic scope revisions, CTs are encouraged to take a proactive approach where appropriate and to respect principles of country ownership.
- 20. **Documentation Requirements.** The following documents are required for the programmatic scope revision and final versions are submitted by the PR to the Global Fund in the Partner Portal and to the CCM at the same time:
 - Revised Detailed and Summary Budget⁸
 - Revised HPMT (if applicable)
 - Performance Framework only when adding indicators to address newly identified gaps in national programs and combining other revisions (such as additional funding for climate health or programmatic revisions put on hold due to the contingency measures).

Targets in the Performance Frameworks cannot be revised to capture changes resulting from the reduced allocation, recognizing that countries need time to determine the impact of the changing funding landscape to national targets. The Global Fund will continue to maintain grant performance ratings. In the context of reduced funding, lower ratings may be justifiable and should not be interpreted as punitive toward PRs unless substantiated by broader performance concerns.

⁵ With some adaptations. Please coordinate with Grant Ops on the approach.

⁶ Country Team to coordinate with Grant Ops on the approach for capturing baseline budget in the system.

⁷ For the exceptional cases that the grant amount is increasing as a result of the reprioritization, an additional funding revision will be undertaken. The CT must consult with Legal Grant Management and Operational Efficiency Teams on the additional requirements/approvals needed for such cases.

⁸ Or revised annual amounts, as pertains to the Focused Aligned and Targeted management models.

Revisions to grants that have results-based financing components may require changes to the disbursement-linked indicators, results framework and/or disbursement methodology of the Grant Agreement.

- 21. Co-Financing. Co-financing requirements and finalized co-financing commitment letters for GC7 are not modified as a result of the reduced allocation and any subsequent reprioritization exercise. Realization of co-financing commitments remains critical to supporting programmatic impact, sustainability of the national response and gradual transition from external financing. Similar to grant targets, the objective is to avoid renegotiating these commitments in the middle of the grant cycle when countries need to focus on reprioritization of investments and implementation. The Global Fund may consider GC7 grant reductions when reviewing co-financing compliance at the end of the cycle. In addition, the Global Fund will consider on a case-by-case basis any changes to specific programmatic co-financing commitments in the focus of their own domestic investments. Any changes to the specific programmatic co-financing commitments included in finalized commitment letters need to be formally agreed with the Secretariat and the country. CTs and Health Finance Specialists also have the option of reflecting any changes to the specific programmatic co-financing candidate commitments in the implementation. Letter memorializing the reprioritization exercise (where applicable).
- 22. **Private sector contributions**. If the reprioritization exercise is anticipated to impact activities funded by private sector contributions already integrated into the grant, the CT is advised to immediately consult with their CT Legal Counsel.
- 23. **Matching Funds.** To the extent possible, Matching Funds and the relevant match from country grants should be the last source impacted by reductions within the relevant priority area (i.e. reductions to non-matching funding within the priority area should be assessed first). If the reprioritization exercise is anticipated to impact activities funded by Matching Funds, the CT is advised to immediately consult with their CT Legal Counsel and Matching Fund Technical Focal Point to confirm that (1) reductions are aligned with programmatic guidance and appropriate; and (2) reductions appropriately consider relevant private sector contributions. Existing Matching Funds guidance remains valid and should continue to be applied to the extent possible. If planned reductions in the Matching Fund priority area mean that a country will no longer comply with Access or Programmatic conditions, this must be discussed with the Matching Fund Technical Focal Point.
- 24. **Blended financing**. In case of any anticipated impact on the scope of blended finance transactions funded under the grant, the CT is advised to immediately consult with the Health Financing Department and CT Legal Counsel.
- 25. **CCM endorsement** is provided by (i) the CCM Chair and (ii) the civil society representative if the CCM Chair is the representative of the Government, or the representative of the Government if the CCM Chair is the representative of civil society. The CCM has two weeks to review the programmatic scope revision from PR submission to the Global Fund. As a best practice, PRs are strongly encouraged to present the programmatic scope revision to a full CCM meeting highlighting the major shifts in modules and interventions including changes to implementation arrangements. The PR shares the revised grant documents (Revised Budget, Revised Performance Framework (in exceptional cases defined above) and Revised HPMT, if applicable) with CCM members through the CCM Secretariat.
- 26. If the CCM does not respond to the PR and CT within the two-week period, the Global Fund considers this as an endorsement of the PR-submitted revision and will proceed with the revisions review and approval process.

Review and Approve Programmatic Scope Revision

- 27. The CT reviews the grant documents and ensures alignment with previously agreed priorities and with the reprioritization guidance. The CT provides its analysis and recommendations to the relevant approval authority in the Revision Review Form.
- 28. **Approval Authority.** The approval authority depends on whether the programmatic scope revision requires a heightened review (by GAC or TRP) or not:

| Type of Review | Review and Approval | |
|-------------------------------------|--|--|
| Revisions without heightened review | Regional Manager or Department Head (RM/DH) and Grant Finance Manager (GFM) review and approval | |
| Revisions with heightened review | GAC review and approval; or TRP review and RM/DH and GFM approval ⁹ | |

29. While GAC or TRP review is not mandatory, the CT, in consultation with SIID Advisors, may determine that a programmatic scope revision requires heightened review and recommend GAC or TRP review based on the considerations described below (See Figure 4). The RM/DH reviews and approves the recommendation for a heightened review. This decision must be taken as early as possible. If a heightened review is needed, the CT must register for a GAC window or inform the Access to Funding Department (A2F) that a TRP review is requested.

Considerations for heightened review:

| GAC | TRP |
|--|--|
| Significant change in Global Fund-supported programs (i.e., substantial new activities added) to address new gaps in national programs (incl. those caused by the withdrawal or reduction of partner support compared with the situation at the start of GC7) or which changes equitable access to life-saving services. Material changes to implementation arrangements, such as the discontinuation of a Civil Society Organization (CSO) PR or Sub-recipient. Escalation by SIID technical advisors (including instances where program management costs are not commensurate with allocation reductions). | In case of disagreement between the GF and PR and/or CCM on tailoring of the reprioritization approach to the specific country context to enable and preserve access to life-saving services, requiring independent technical advice. |

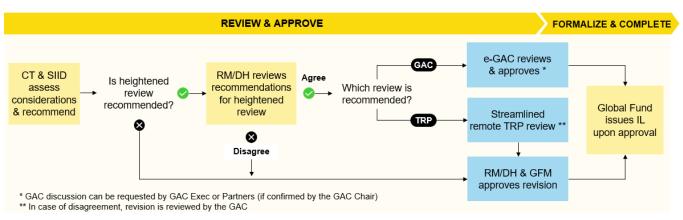


Figure 4. Process for determining heightened review.

30. **GAC review and approval** is managed through an electronic no-objection approval process with a due date of 3 working days. There is no pre-GAC review process for the programmatic scope revision.

⁹ Approval through signature of the Implementation Letter

- 31. A streamlined remote **TRP review** is coordinated by A2F and will take approximately 10 working days (5 working days to review and issue the TRP review form and 5 working days to address TRP comments).
- 32. The completed Revision Review Form, revised Detailed Budget, Performance Framework (in exceptional cases) and HPMT (if applicable) are submitted for GAC or TRP review.

Formalize and Complete Programmatic Scope Revision

- 33. **Implementation Letter.** The programmatic scope revision is captured through an Implementation Letter. The Implementation Letter will include: (i) the revised Grant Confirmation table; (ii) the revised Summary Budget; (iii) the revised Performance Framework (in exceptional cases) and (iv) any additional or amended grant requirements related to the revision. The Implementation Letter is signed by the PR and the Global Fund (in accordance with the Delegations of Signature Authority). The Implementation Letter must be signed and submitted by the PR to the Global Fund as early as possible, and by 30 September 2025. The Implementation Letter does not take effect until after the countersignature of such Letter by the Global Fund.
- 34. **Completion.** The programmatic scope revision is considered fully completed once the updated grant Purchase Order is approved and the revision is completed (registered) in the Global Fund systems.