THE GLOBAL FUND

INFORMATION SESSION

Grant Cycle 8: Guidelines for Grant Budgeting and Budget Template

7 July 2026

Agenda

1 Overview

Grant Budgeting

One Framework, two complementary documents

Document	Role in the Framework	Key questions it answers
Guidelines for Grant Budgeting	Establishes the overall grant budgeting principles and requirements, including grant funding principles, funding request budget, grant-making budget, compliance of grant expenditures and budget revisions.	What rules and principles apply?
Operational Guidance for Grant Budgeting	Provides the practical operational guidance to apply the budgeting requirements, including costing guidance by cost input/category and supporting appendices.	How should the budget be developed and costed?

Budgeting Guidelines: Summary of Key Changes

Section / Content	Key Changes
General	• Aligned with Funding Request/Grant-making documents (including revised Budget template) and updated Modular Framework and costing dimensions (cost inputs). • Improved clarity on content, flow of information, language.
Funding Principles	• Introduced general expectations and focus on integration and sustainability (further detailed expectations included in the Operational Guidance). • Updated the Value for Money (VFM) section to reflect and complement most recent Maximizing VfM Technical Brief. • Expanded the section and introduced new expectations around the use of public financial management (PFM).
Differentiated Budgeting approach	• Updated the differentiated budget approach (Grant-making and Funding Request stage). • Introduced the Focused Portfolios management and oversight models. • Expanded the sections around budgeting and guidance for results-based financing (RBF) implementation modalities.
Foreign exchange management	• Updated approach on update of FX rates and management of FX gains/losses.
Eligibility of grant expenditures	• Shortened significantly the section relating to the Global Fund Recovery process.
Grant budget revision	• Updated the criteria for Budget Revisions (removed intervention level criteria + introduced new Program management cost (PMC).
Integration of ICR and Shared Cost	• Removed shared cost budgeting.
Appendices updates	• Introduced new Appendix 7 “Results-Based Contracts” and Appendix 8 “type or category and list of non-compliant expenditures.” • Revised substantially Annex 2 “Focused Portfolios Management Models”, Annex 4 “Integrated review of Training activities”, Annex 8 “Value for Money considerations for grant budgeting.” • Removed ex-Annex 4 “Monitoring and Evaluation Plan.”

2 Grant Funding Principles

THE GLOBAL FUND

Grant Funding Principles Overview

Purpose: Fundamental to the operations of the Global Fund grants.

1. Comprehensive Funding Policy
2. Allocation Utilization
3. Use of Grant Resources
4. Value for Money
5. Alignment to Global Fund Modular Framework and Costing Dimensions
6. Financial Risk Management and Assurance
7. Financial Safeguards Governing Grant Commitments and Disbursements
8. Exemption from Taxation
9. Strengthening Financial Sustainability and Accountability through National PFM System

Grant Funding Principles (1/5)

No material change to the underlying allocation mechanics from GC7

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1. Comprehensive Funding Policy

A reference is made to the Comprehensive Funding Policy (CFP) that provides the basis for the management of the Global Fund sources and uses of funds.

Allocation-based funding model

Country Allocation

Based on each country's income level and disease burden, in accordance with the **Allocation Methodology**.

May be supplemented by other sources of funds ("Catalytic Investments" or "Portfolio Optimization") or reduced due to outstanding recoveries, co-financing commitments not being met, risks related to donor pledge conversion (refer to new Section 1.7 Financial Safeguards).

Special purpose program/initiative

In addition to the Country Allocation, the Global Fund may allocate funds for initiatives or funding categories authorized by the Global Fund Board, subject to specific rules, principles and guidelines.

2. Allocation Utilization

"Disease Allocation Amount" can be accessed over the relevant **Allocation Utilization Period (AUP).**

- Unused funding from a previous grant cycle (undisbursed funds, in-country cash balances, recovered funds) **cannot increase a Country Allocation**.
- "Disease Allocation Amount" **cannot be reallocated/transferred** across disease components without Global Fund Board approval.
- Catalytic investments (e.g., Matching Funds) must **remain invested in the catalytic investment priority area**; reprogramming requires Global Fund written approval.
- **Continued investment requirement** applies to both: (a) the total catalytic Matching Funds award; and (b) the portion of the Disease Allocation Amount programmed toward the same priority area to access the award.

Grant Funding Principles (2/5)

New expectations for Use of Grant Resources (Integration and Sustainability)

3. Use of Grant Resources

Integration

Reflects evolving programmatic and operational priorities

- HIV/TB/malaria integration.
- Stronger health systems strengthening and community health focus.
- Increased efficiency/effectiveness emphasis.
- Aligns with results-based financing (RBF), Value for Money (VfM) and catalytic investment use.

Sustainability

Self-reliance and effective transition from external financing across all grant cycles:

- Differentiated by country income level, disease burden and operating context.
- Advanced through blended financing, greater RBF focus, and progressive transition of recurrent health investments to domestic sources – in line with **UHC** and the **Accra** Reset.

Program Asset Management

Implementers are responsible for safeguarding, **operational costs, insurance/warranty**, maintenance, asset records and regular physical verification.

Significant infrastructure/capital equipment investments **must demonstrate sustainability**: estimated life span, recurrent cost estimates, and credible (confirmed government/partner) funding sources for the full useful life.

Grant Funding Principles (3/5)

Value for Money, Modular Framework Alignment and Financial Risk Management

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4. Value for Money

Enabling Impact Guidance on Maximizing Value for Money: Budgets must represent VfM, maximizing and sustaining quality and people-centered health outputs, outcomes and impact for the level of investment. **The VfM have been updated for GC8.**

System-wide Lens:
The most effective way to achieve VfM is for grants to be budgeted and reported using the same national systems and timing that are used for public funds for health, to avoid duplication and funding gaps.

Discretionary Cost Categories are expected to **decline over time and across grant cycles**, both as a proportion of the total grant budget and in absolute amounts allocated.

5. Modular Framework & Costing Dimensions Alignment

Budgets are expected to be aligned to the **Modular Framework** and **costing dimensions**.

If grants use national budgeting and reporting classifications, those classifications must be mapped to the Global Fund's costing dimensions.

6. Financial Risk Management and Assurance

Use of combined assurance approach to ensure grant resources are used efficiently and effectively include management of financial risks.

Reference is made to the:

- Guidelines on financial risk management.
- Guidelines for Annual Audit of the Global Fund grants.

Grant Funding Principles (4/5)

Financial Safeguards, Tax Exemptions and National Public Financial Management Systems

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7. Financial Safeguards Governing Grant Commitments and Disbursements

The Global Fund's ability to fully fund approved grant commitments depends on the availability of donor funding and cash flow needs.

Funding is committed in **tranches on an annual basis**, unless otherwise approved in writing.

Ensures that Uses of Funds remain aligned with Sources of Funds, consistent with the Comprehensive Funding Policy (CFP), and Grant Regulations and/or Framework Agreement.

The Global Fund may **de-commit** the whole or part of previously committed but undisbursed funds upon the expiry of the IP or as otherwise deemed appropriate by the Global Fund.

8. Exemption from Taxation

Grant funds **must be exempt from all taxation applicable in the Host Country,** extending to all program activities

* Medium-Term Expenditure Frameworks (MTEFs); Annual budgeting, including classification, formulation, approval, and execution; Treasury management including funds flow arrangements; Revenue administration; Expenditure control, accounting, and financial reporting including financial management policies and procedures; Internal controls including scope, quality, and performance of internal audit functions; Digitalization and optimization of financial management information systems including supporting IFMIS functionality, integration and interoperability; Procurement systems and procedures; External oversight involving Supreme Audit Institution (SAI) audit scope, reporting standards, follow-up mechanisms and legislative scrutiny

Grant Funding Principles (5/5)

Financial Safeguards, Tax Exemptions and National Public Financial Management Systems

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9. Strengthening Financial Sustainability and Accountability through National PFM Systems

Strengthen financial governance and accountability using country systems, where conditions allow and fiduciary risks are managed as lever for meeting Global Fund's commitment to sustainability, aid effectiveness and transition principles.

Grant components managed by government implementers should align as closely as possible with national PFM systems. Activities should support using or optimizing the current use of PFM systems' components.*

Avoid "all-or-nothing" transition: phased, selective, sequenced strategy based on system maturity and readiness.

PFM-strengthening activities must be co-developed with Ministry of Finance, Ministry of Health, planning/budget directorates, national treasuries, SAIs, parliamentary oversight bodies and civil society.

Where reforms are not yet defined: applicants may include a budget provision for future PFM-related actions. Adherence to SI matching fund principle, where applicable, is critical for investment impact.

* Medium-Term Expenditure Frameworks (MTEFs); Annual budgeting, including classification, formulation, approval, and execution; Treasury management including funds flow arrangements; Revenue administration; Expenditure control, accounting, and financial reporting including financial management policies and procedures; Internal controls including scope, quality, and performance of internal audit functions; Digitalization and optimization of financial management information systems including supporting IFMIS functionality, integration and interoperability; Procurement systems and procedures; External oversight involving Supreme Audit Institution (SAI) audit scope, reporting standards, follow-up mechanisms and legislative scrutiny

3 Grant Budgeting Guidelines

Budgeting Guidelines Overview

Purpose: Provide finance-specific requirements and guidance for grant budgeting.

1. **Funding Request Budget**
2. **Grant-making Budget**
3. **Management of Taxes**
4. **Foreign Exchange Management**
5. **Grant Implementation** Compliance of Grant Expenditure
6. **Grant Implementation** Budget Revisions

Other reference:

- [Instructions for Completing the Budget Template]

Budgeting Guidelines Principles

The Country Allocation amount must be used for activities that were **budgeted, approved** and **completed** during the related AUP regardless of whether the payment for such activities has occurred or not.

Financial Commitments

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).

Can be paid from current AUP

Must be liquidated max 6 months after end of IP

Financial Obligations

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 in time in the future** (i.e., the goods or services are yet to be received).

Cannot be paid from current AUP

Must transfer to next allocation period

Exceptions

Goods/Services delivered after end of AUP may be considered as financial commitments if:

1. Order(s) for the goods or services were placed with **adequate consideration for relevant lead times** such that the goods or services were expected to be delivered before the end of the AUP;
2. The delivery of the goods or services is **delayed for reasons beyond the implementer's control**; and
3. The delivery of the goods or services is completed **within a maximum of 180 days of the end of the AUP**.

Results-Based Financing (RBF) Modalities

The Global Fund's encouraged budgeting modality – Form of financing in which payments are made purely based on verified results against agreed performance indicators instead of inputs.

Two RBF Modalities

1 Payment for Results (PfR)

The Global Fund makes payments to the PR based on the verification of results against agreed performance indicators. The Global Fund can apply PfR with any type of PR.

2 Results-Based Contract (RBC)

PR or SR makes payments to an SR/SSR or supplier based on verification of results against agreed performance indicators.

Hybrid Implementation Modalities (RBF & Input-based)

While the use of RBF modalities is encouraged where feasible, **input-based budgeting remains an acceptable and appropriate approach**.

- Budget must clearly distinguish between the two approaches.
- Each portion of the budget prepared and presented in accordance with the applicable budgeting guidelines for RBF or input-based financing.
- PRs must ensure no duplication of budget across different implementation modalities.

Funding Request Budget

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Purpose

Provide the level of details required at Funding Request stage, differentiated by submission pathway and portfolio categorization.

Introduce VfM integration at Funding Request stage.

Provide guidance on program management costs and travel-related costs.

Key Considerations

Reference: Grants; Operational Guidance for Grant Budgeting Appendix 2 – Focused Portfolios Management Models; Enabling Impact Guidance on Maximizing Value for Money

Key Contents

VfM integration at Funding Request stage

- Budgets are expected to integrate VfM considerations, reflecting an appropriate balance across all **three VfM dimensions**.
- **Balance to Consider**: country context, epidemiological trends, programmatic gaps, expected results, available budget, contributions from other funding sources, and health system capacity constraints.

Submission Pathway	Budget Requirement
Grant-Ready Funding Request / Program Continuation	Budget by module, intervention and **cost input** with underlying assumptions.
Classic Funding Request	Best estimate by module, intervention and **cost grouping.**
Focused portfolios	Budget per the management model attributed by the Global Fund.

Program Management Costs

- Applicants and PRs should include any relevant program management costs that support proper management, risk mitigation and assurance.
- Costs should be appropriate to the risk and context of the program, balancing essential service delivery with adequate management support.
- The Global Fund does not prescribe a percentage; proportion should be comparable to similar programs in similar country contexts.
- Implementers should seek benchmarks from partners and other donors and engage the Global Fund to understand expectations given country-specific risks.
- **Travel-related costs** are now explicitly called out alongside program management costs and **impact** requires CCM discussion and Funding Request justification prior to submission.
- The funding application must provide an explanatory note justifying the overall investment proposed for **both** categories (PM costs and TRC).

Grant-making Budget

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Purpose

Provide the level of detail required for the Grant-making budget.

Provide the key budget attributes to review and assess the reasonableness of the budget.

Key Considerations

Full consideration of the country's co-financing commitments must be taken.

All historical and planned co-financing commitments must be fully considered and integral to the budgeting process, irrespective of implementation modality.

Key Contents

Differentiated Budgeting Approach	
HI/Core	• Budget by modules, interventions, cost inputs, implementers and year • HI/Core portfolios may be authorized to budget and report by cost groupings — requires Global Fund prior written approval.
Focused	• Budget per the management model attributed by the Global Fund.
Co-financing Commitments	• Preparation of the Grant-making budget must fully consider the country's co-financing commitments. • All historical and planned co-financing must be integral to the budgeting process, irrespective of implementation modality.

Third-party Suppliers: Mandatory Direct Disbursement

Goods and services from the following third-party organizations trigger mandatory direct disbursement by the Global Fund on behalf of the PR (unless otherwise agreed in writing):

- Procurement service agents under PPM/wambo.org or GDF.
- UN Funds, Programs, Specialized Agencies and other including PAHO.
- Alliance for Malaria Prevention (AMP).
- Others as notified in writing by the Global Fund.

If a budget includes activities for these third-party organizations, PRs are required to report them separately under the "payment modality dimension" of the budget template.

Budget Attributes

- Consistent with defined strategic priorities; reflect any TRP and GAC-required adjustments.
- Clear linkages among programmatic indicators, financial targets and historical trends; realistic, based on valid assumptions; represent VfM in the context of wider funding for health.
- Based on national/organizational policies; aligned with other funding sources; avoid duplication.
- Assumptions clearly documented and justified using reference costs and benchmarks (e.g., HLMAs, salary scales); unit prices based on historical costs with macro-economic adjustments; supported by pro forma invoices where appropriate.
- Include all significant activities using the modular approach and costing dimension with transparent and verifiable data sources and costing methods.
- HP budget aligned with HPMT (HI/Core) or HP List-Focused (Focused); realistic utilization rate considering absorption capacity and lead-times; includes any Global Fund-mandated requirements.

Foreign Exchange Management

Purpose

Establish requirements for FX management for the effective budgeting of Global Fund grants.

Key Considerations

- Update of FX rates approach and management of FX gains/losses
- Semi-annual FX rate publication replaces the previous 200-day exponential moving average approach.
- Reference: Global Fund Financial Reporting requirements.

Key Contents

Allocation currency and grant currency denomination

- Funding applications and grants denominated in the same currency as the Global Fund-approved allocation currency.
- Where allocation currency changes between AUPs: PR completes existing IP in existing currency; uncommitted local currency balances maintained as is; grant currency balances returned to the Global Fund unless otherwise agreed in writing.

Change in the budget exchange rate

The Global Fund publishes semi-annual FX rates

↓

PR elects to update the budget

No (FX savings cannot be used) → **Retain Current Rate**
No revision required

Yes (FX savings can be used) → **Rebase Baseline Budget**
Revision required

Maximum once per year.
Use closest semi-annual rate.
Prior Global Fund consultation required.

Budget preparation currency and budget exchange rate

- Each budget line must be denominated in the currency of the expected transaction and converted into grant currency using the Global Fund-approved exchange rate; multi-grant portfolios encouraged to apply the same rate across all grants.
- No contingency reserve for exchange rate variations permitted in Funding Request or Grant-making budget.
- Deviations require Global Fund written approval.
- Global Fund may disburse directly in local currency where PR's FX policy or rates are not optimal.

Management of FX gains and losses

- FX gains may only be reinvested with Global Fund prior written approval for:
  - (a) inflation adjustment of approved activities;
  - (b) UQD activities;
  - (c) increasing DLI targets to enable scale-up of results; unapproved gains revert to Portfolio Optimization.
- FX losses: identify savings or deprioritize activities / request additional funding through Portfolio Optimization.

Management of Taxes

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Purpose

Provide key guidelines for the effective management of taxes in Global Fund grants, in accordance with Article 3.5 of the Grant Regulations.

Key Considerations

- Reference: Article 3.5, Grant Regulations; Global Fund Financial Reporting Framework.
- CCMs are required to comply with applicable tax and duty exemption provisions of their CCM agreement(s).

Key Contents

Core rule: Total Global Fund grant budget must be **net of applicable taxes** on unit costs.

Key situations	
Reimbursement basis	• Implementer pays taxes first, then claims reimbursement (tax still excluded from budget). • Cash managed through forecasting. • Implementer must maintain a tracking mechanism.
National staff income taxes	• Withheld from salaries and paid to tax authorities per national law (compliant and allowable under Global Fund policies).
If implementer has not obtained tax exemption at Grant-making conclusion	• The Global Fund may require modifications to implementation arrangements.
Responsibility chain	• PR must follow up on taxes paid and recovered at **all** implementation levels.

Recording, Accounting and Reporting

- Each implementer managing funds on an input-based modality must maintain a tracking mechanism for taxes paid, claimed and reimbursed by the Host Country tax authorities.
- PRs must follow up on taxes paid and recovered at all implementation levels.
- Tax-related information must be reported to the Global Fund per the Financial Reporting requirements.

Grant Implementation: Compliance of Grant Expenditure

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Purpose

Provide guidance on the compliance of expenditure and summary of the recoveries process when non-compliant expenditure is identified.

Key Considerations

- The Global Fund will determine compliance based on the applicable requirements and its established review processes.

Key Contents

Compliant expenditures include:

- Incurred within relevant AUP.
- In accordance with grant agreement (including approved budget).
- Comply with implementer's financial and procurement regulations and best practices.

Non-compliant expenditures include:

- Unsupported expenditures.
- Expenditures outside scope, IP, or closure period of the grant.
- Expenditures compromised by prohibited practices (fraud, corruption).
- Other non-compliance/mismanagement of grant funds.
- **New.** Expenditures used to cover Global Fund Secretariat staff costs.

Recoveries Process	
1. Identification	PR notified; given opportunity to justify (typically 60 days).
2. Review of justification	Full/partial re-classification as compliant, or confirmation as non-compliant.
3. If no response within deadline	Automatically confirmed as recoverable.
4. Global Fund notifies entity responsible for repayment	Repayment requested (typically 60 days from notification).
5. Refund	Cash recovery in grant currency recommended; FX losses borne by implementer; the Global Fund may seek interest in some cases.

Grant Implementation: Budget Revisions (1/2)

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Purpose

Complement the Guidance grant revision by setting out the requirements, thresholds and approval process for Budget Revisions during grant implementation.

Key Considerations

- Budget Revisions are assessed as **material** or **non-material**, based on portfolio category and cumulative thresholds against the Baseline Budget.
- Material revisions require Global Fund prior written approval.

Key Contents

Type / Category	Criteria	Approval
Non- material Budget Revision High Impact and Core portfolios	Any Revision that results in an: 1. ≤ 30% increase/decrease to the total budget for any module 2. ≤ 10% increase to the Program Management Cost module; and/or 3. ≤ 10% increase for any discretionary cost category	PRs to follow formal internal budget review and approval process; audit trail maintained for Global Fund or assurance provider review.
Material Budget Revision High Impact and Core portfolios	Any Budget Revision: 1. Above the non-material Budget Revision thresholds; and/or 2. Revisions introducing new modules	PR follows internal process and obtains Global Fund prior written approval before activity/payment; Budget Adjustment Form used to capture material changes at summary level.
Material and non-Material Revisions Focused portfolios	All Budget Revisions undertaken by the PR.	PRs to follow their formal internal budget review and approval process and maintain an audit trail; Budget Adjustment Form (BAF) not used.

Grant Implementation: Budget Revisions (2/2)

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Purpose

Complement the guidance on Grant revision by setting out the requirements, thresholds and approval process for Budget Revisions during grant implementation.

Key Considerations

- Budget Revisions are assessed as **material** or **non-material**, based on portfolio category and cumulative thresholds against the Baseline Budget.
- Material revisions require Global Fund prior written approval.

Key Contents

Definition: reallocation of approved funds within a grant budget across modules, interventions or cost categories.
Does NOT change: funding ceiling; IP duration; Performance Framework.

- Triggers are calculated on both the increasing module and the decreasing module; discretionary cost category triggers are calculated on the increasing cost grouping.
- PRs must track cumulative non-material revisions to avoid crossing material thresholds without prior Global Fund approval.
- Implementers are expected to inform the CCM of material Budget Revisions before submitting them to the Global Fund.
- Post-incurrence material variances without prior approval are accepted only at the Global Fund's discretion; if not accepted, they may be classified as non-compliant expenditures.
- Default discretionary cost categories: Human Resources, Travel-related Costs, External Professional Services, Non-health Equipment, and Indirect/Support Costs.
- Salary or incentive increases above the approved budget and ICR rate increases require Global Fund prior written approval.

Changes to the Baseline Budget using the Budget Revision can only be made through budget generation and import in the Global Fund systems, not through BAF, and are limited to the following cases: 1) to reflect foreign exchange rate changes, as described in paragraph 45 of the Guidelines for Grant Budgeting, and 2) to add new SRs.

4 Operational Guidance

Operational Guidance: Costing Guidance

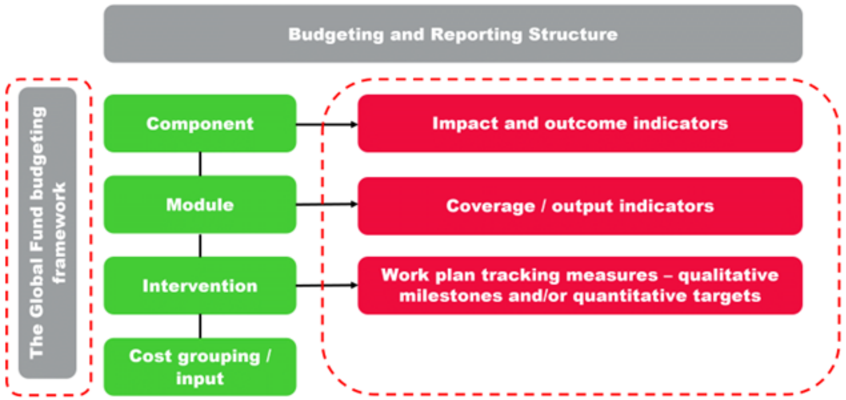
Purpose

Provide **detailed costing guidance at cost grouping and cost input level**, and illustrate how the Global Fund's **modular approach** and **costing dimension** align with the Global Fund Strategy to invest for impact and demonstrate **Value for Money** (refer to Enabling Impact Guidance on Maximizing Value for Money).

Key Considerations

Each cost group section is divided into
i) Definition and scope of cost input
ii) Key requirements per cost group or cost inputs
iii) Cost not covered under each cost group
iv) Key required documents

Key Contents



Modular Framework and costing dimension
- Provide a clear structure using standardized categories of module, interventions, cost grouping and cost inputs.
- Enable linking of programmatic and financial data in the Performance Frameworks and budgets.

Modular Framework
- Refers to the standardized modules (broad program areas), further divided into a comprehensive set of interventions and an illustrative list of activities outlining the scope of each intervention.
- In addition to the list of modules, interventions and activities, the framework provides associated impact, outcome and coverage indicators.

Costing dimension
- Refers to the standardized cost inputs and cost grouping using standard budget classifications.

Standardized Budget Template
- Semi-automated Excel based template, must be used for budgeting in Global Fund grants.

Costing Grouping/Input Overview

Purpose: Provide detailed costing guidelines at the cost grouping and cost input level.

1. Human resources
2. Travel-related costs
3. External professional services
4. Health products
5. Procurement and supply-chain management
6. Infrastructure
7. Non-health equipment
8. Communication, information sessions & materials
9. Indirect and overhead costs
10. Living support to client/target population
11. Results Based Financing

Cost Group 1: Human Resources

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Purpose

Provide detailed costing guidelines for cost inputs under Human Resources (HR).

Cost Inputs

- 1.1 Salaries – Program management
- 1.5 Severance/Gratuity/End-of-Contract payments
- 1.6 Salaries – community-based (incl. CHWs/outreach workers)
- 1.7 Salaries – facility-based (incl. medical staff/service providers)

Non-compliant Expenditures

- Salary bonuses
- Salary/incentive increases not Global Fund-approved
- Not in compliance with contracts, applicable laws, common market practice and/or organizational policies
- Staff contributions solicited to organizational funds

Key documents

- HR policies and procedures (recruitment process, PayScale, roles/Code of Conduct)
- Description of type of positions required
- Description of costs covered by the government
- Salary framework/benchmarking evidence
- Sustainability plan for HR costs beyond the IP

Key Considerations

- Use standardized **HR Assumptions tab.**
- **No funding duplication** with other Global Fund grants or other funding sources is permitted.
- Must be paid in **local currency** (except expatriates; other currency requires Global Fund written approval).
- Employment contracts, salaries and allowances must be budgeted, contracted, and paid **in compliance with legislation**. Pension, gratuity or provident fund
- Costs may be budgeted and respectively included as cash outflows and expenditures during the regular financial reporting.

Key Requirements

- **Remuneration** based on relevant national remuneration levels (national/interagency salary frameworks or organizational HR policy); consistent with local market practice for similar jobs.

- **Eligible allowances:** employer social security contributions (legislated minimums); health insurance (if required by law or market practice); housing allowances (if part of standard remuneration package); 13th month salary (if standard local practice); **pension/gratuity/provident fund contributions** (per local law or written organizational policy). **Pension, gratuity or provident fund costs may be budgeted and respectively included as cash outflows and expenditures during the regular financial reporting.**

- **End-of-contract payments:** only if required by local labor law (exceptions subjected to Global Fund review and approval).

- **Severance:** requires specific Global Fund written approval; PR must maintain an adequate reserve during the IP; unexpensed accrued severance at IP-end becomes part of the in-country ending cash balance.

Cost Group 2: Travel-related Costs

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Purpose

Provide detailed costing guidelines for cost inputs under Travel-related Cost (TRC).

Cost Inputs

- 2.1 Training related per diems/ transport/other costs
- 2.2 Technical assistance-related per diems/ transport/other costs
- 2.3 Supervision related per diems/ transport/other costs
- 2.4 Meeting/Advocacy related per diems/ transport/other costs
- 2.6 Data collection/data review meetings related

Not Covered

- Facilitator fees for staff paid through Grant Funds
- “Resident” participants per diem for attending training
- “Non-resident” participants meals/accommodation
- Non-compliant per diems as per the approved cost norms

Key documents

- Travel Policy related to per diem rates and travel rates
- National monitoring and evaluation framework
- Implementer budget survey protocol and justification

Key Considerations

- During budgeting, refer also to Enabling Impact Guidance on Maximizing Value for Money, Advancing Integration Guidance as well as the RSSH Prioritization Guidance.
- Economy class only; minimize air travel; use web-based/discounted fares.
- Virtual options: use wherever possible for meetings; limit frequency, duration, number of in-person participants.
- TRC must be based on implementer's existing policies, not policies created specifically for Global Fund grants.
- Harmonized across Global Fund grants and, where possible, with other donors.

Key Requirements

Per diems:
- Only for days attended plus one night before/after if needed.
- Aligned with government rates for government entities.

Training:
- Stand-alone in-service training: discouraged; consider pre-service education and alternative capacity building.
- Budget assumptions: standard costing approach per training type; number of participants, duration, coffee breaks, accommodation all documented.
- Prior to validation: PR must provide evidence-based analysis justifying specific quality issues addressed, alternative options considered, digital/blended learning feasibility, follow-up plan.

M&E / Surveys:
- Surveys must be externally competitively tendered; implementers responsible for non-duplication with other surveys; seek co-funding of surveys.

Cost Group 3: External Professional Services

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Purpose

Provide detailed costing guidelines for cost inputs under External Professional Services (EPS)

Cost Inputs

- 3.1: Technical Assistance Fees/Consultants
- 3.2: Fiscal/Fiduciary Agent fees
- 3.3: External audit fees
- 3.5: Insurance- related costs

Not Covered

- Employee contracts that are considered consulting contracts
- Cost of consultant or technical assistance to draft or write a funding application
- Health and medical insurance for the implementer's employees (should be included in 1.1 Human Resources)

Key documents

- Basis of costs related to consulting contracts

Key Considerations

- Cost of consultant/technical assistance to write a FR is not eligible
- Other EPS is residual cost input that can only be used for EPS that do not fall under any specific cost input under this cost category

Key Requirements

External Professional Services
- Must produce specific deliverables on a timely basis.
- Per diems must NOT be paid to long-term consultants.
- Fee rates: consistent with local/regional/international market practice; international consultants ≤ UN standard international rates; local/regional consultants ≤ UN standard local rates.
- Encourage local consultants and local capacity before flying in international experts.
- Develop structured approach to identifying TA needs; coordinate across CT, CCM, PRs, in-country stakeholders.

Reclassify as HR Cost Grouping
- TA consultants: performing recurring tasks expected to be filled by staff.
- Long-term consultants: continuous, prolonged, monthly pay, no specific time-bound deliverables.

Insurance (cost input 3.5):
- All program assets must be insured (Grant Regulations Article 6.4).
- **Upstream supply chain** (goods in transit to country): insurance under cost input 7.2 (Freight and Insurance).
- **Downstream supply chain** (in-country storage, distribution): insurance under 3.5 (Insurance-related costs).

Cost Group 4, 5, 6: Health Products (1/2)

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Purpose

Provide budgeting-related guidance for cost groupings 4 (Pharmaceutical Products), 5 (Non-Pharmaceuticals) and 6 (Health Equipment), complementing the Health Product Management Template (HPMT) where applicable

Key Documents

- HPMT or HP List – Focused worksheet
- Budget Template Instructions and HPMT Partner Portal Guide
- Forecasting / quantification worksheets with targets, assumptions, calculations, quantities and costs
- Performance Framework and/or National Strategic Plan targets
- Donor/government contributions, stock-on-hand and pipeline orders
- PPM / wambo.org or GDF reference price support, where applicable
- Health equipment justification, technical specifications and cost-effectiveness analysis, where requested

Cost Inputs Updated

Pharmaceutical Products

- 4.1 Antiretroviral medicines
- 4.2 Anti-tuberculosis medicines
- 4.3 Antimalarial medicines
- 4.4 Medicines for harm reduction
- 4.11 Subsidies (Co-Payments)
- 4.12 Opportunistic infections, STI and Essential medicines

Non-Pharmaceutical Products

- 5.1 Insecticide-treated nets (ITNs)
- 5.5 Insecticides
- 5.7 Syringes and needles
- 5.11 Personal protective equipment
- 5.14 Condoms
- 5.15 HIV Rapid Diagnostic Tests
- 5.16 TB Rapid Diagnostic Tests
- 5.17 Malaria Rapid Diagnostic Tests
- 5.18 Other Rapid Diagnostic Tests
- 5.19 Molecular testing reagents and test kits
- 5.21 Laboratory reagents and test kits
- 5.22 Consumables

Health Equipment

- 6.5 Maintenance and service costs for health equipment
- 6.8 Equipment for molecular testing (NAT)
- 6.12 Health and Laboratory Equipment

Cost Group 4,5,6: Health Products (2/2)

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Key Considerations

- HPMT is mandatory for HI/Core portfolios
- HP List-Focused worksheet replaces the HPMT for Focused non-RBF Targeted and Light portfolios
- Unit costs must align with PPM/wambo.org reference prices or GDF catalogue (Stop TB Partnership); GF will not accept costs that deviate without solid justification
- All health products must be budgeted on EXW or FCA Incoterms basis; freight, insurance and customs clearance budgeted separately; DDP is not acceptable as it bundles in taxes
- Total cost of ownership must be considered at selection and budgeting stage: acquisition, installation, reagents/consumables, training, connectivity, maintenance and useful life of existing equipment

Not Covered

- Medicines or health products not directly linked to grant-funded program interventions
- Health products that will not be delivered and used within the relevant IP (exception: buffer stock per approved policy)
- DDP-priced health products (taxes included — non-compliant under Article 3.5 of Grant Regulations)
- Extended warranty costs beyond the relevant AUP/IP

Key Requirements

Quality assurance and procurement compliance
- Health products procured to assured quality standards per Global Fund QA policies and Guide to Global Fund Policies on Procurement and Supply Management of Health Products.
- PPM/Wambo.org implementors must comply with OPN: Pooled Procurement Mechanism.
- Competitive and transparent procurement required to achieve best VfM.

Unit cost requirements
- **PPM/wambo-eligible health products:** unit costs align with PPM/Wambo.org reference prices; use prevailing reference price at time of grant-making or grant revision.
- **Non-PPM health products:** use GDF catalogue (TB products) or globally negotiated price lists; historical invoices or market research where no reference price exists.
- Price references must be disclosed in the HPMT; any deviation from the prevailing reference price requires strong justification.

Buffer stock
- Max 12 months nationwide; follow national policy/SOP unless otherwise agreed with the Global Fund.
- Buffer stock amounts included in the HPMT with full assumptions and justification.
- When quantifying for next IP, consider existing stock levels plus pipeline stock at the start date of the new IP.

Health equipment
- Before budgeting for laboratory or diagnostic equipment, consult the national laboratory strategic plan where available.
- Conduct a three-way analysis: (i) buy vs. optimize network/invest in sample transport; (ii) buy vs. rent; (iii) integrate/multi-disease vs. program-specific equipment.
- Maintenance costs budgeted annually within IP; costs beyond IP require domestic or alternative funding.
- Extended warranty costs may be included if extended period falls within AUP/IP.

Cost Group 7: Procurement and supply-chain management

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Purpose

Provide guidance for budgeting Procurement and Supply-Chain Management costs related to delivering health products

Key Considerations

- PSM costs are critical components of HP budget; cover all activities from product selection to final delivery and reporting
- In-country supply chain indicative reference costs now published by the Global Fund: use as guidance for downstream warehousing and distribution costs

Cost Inputs

- 7.1 Procurement agent and handling fees
- 7.2 Freight and insurance costs
- 7.3 Warehouse and storage costs
- 7.4 In-country distribution costs
- 7.5 Quality assurance and quality control costs (QA/QC)
- 7.6 PSM customers clearance
- 7.7 Other PSM costs

Not Covered

- **Capacity-building activities:** budget under 3. EPS or 2. TRC
- **Electronic Logistics Management Information Systems**: budget under 8. Infrastructure or 9. NHE
- **Health Products Management System Strengthening**: made in consultation with Global Fund Sourcing and Supply Chain Department

Key Requirements

General principles
- Budget must represent good VfM; no over-recovery, provision or contingency included.
- Percentage fees calculated using actual operational data and historical costs with macro-economic adjustments (FX and inflation).
- Estimates with no clear basis, assumption or justification will not be approved by the Global Fund.

Procurement agent fees (7.1)
- PPM purchases: budget in line with published PPM procurement agent fee structure.
- Non-PPM purchases: use historical expenditures actually paid; competitive tendering required to demonstrate best VfM.

Freight and insurance (7.2)
- Identify mode of transportation and understand applicable Incoterms before budgeting.
- HP unit costs on EXW or FCA basis; freight, insurance and agent fees budgeted separately.
- Use GF PPM indicative reference costs as guidance; supported by supplier or freight forwarder quotes or previous invoices.

Warehouse and storage (7.3)
- May include fixed costs not dependent on quantity (utilities, labor, security).
- Percentage-based storage costs require demonstration of how % was derived.

QA/QC (7.5)
- May be budgeted as % of HP value; must be supported by evidence on how the % was calculated and what activities it covers.
- Use Global Fund PPM QA/QC indicative reference costs as guidance.

Customs clearance (7.6)
- Only eligible for service fees (clearance agent, customs warehouse charges, terminal charges).
- Customs duties and import taxes are not eligible; grant funds are tax-exempt (Article 3.5 of Grant Regulations).

Cost Group 8: Infrastructure

Purpose

Provide detailed costing guidelines covering costs necessary to ensure implementers have sufficient physical infrastructure capacity to implement and achieve program objectives

Cost Inputs

- 8.2 Renovation/construction
- 8.3 Infrastructure maintenance and other INF costs

Not Covered

- The Global Fund does not fund the construction of large-scale projects, such as an entire hospital.
- Cost of acquisition of land for construction and any right of way costs.

Key documents

- Feasibility study showing project viability and completion schedule within the IP
- Total project cost breakdown detailing the Global Fund-funded portion and all other funding sources, including conditions attached
- Detailed cost estimate certified by a qualified professional
- Information on oversight/monitoring mechanisms, including entities responsible for supervision, quality control and certification
- Explanation of how running and maintenance costs of the facility will be funded beyond the IP (sustainability plan)
- Overview of internal controls and oversight management systems to prevent mismanagement of funds
- Photo of the existing site and sketch of the expected product (for light refurbishment/renovation/construction requests)

Key Considerations

- All rehabilitation/renovation activities require prior Global Fund written approval.
- GC8 reinforces sustainability: large infrastructure and capital equipment investments must demonstrate credible funding sources for all recurrent costs across the asset's entire useful life.
- Co-financing from domestic or other donor resources strongly encouraged for all infrastructure requests.

Key Requirements

Scope and eligibility

- Infrastructure covers service delivery, support and administrative health facilities needed for program implementation.
- Large construction, land acquisition, right-of-way costs and office premises are generally not eligible, except in limited post-conflict / COE or post-disaster cases with strong justification and Global Fund approval.
- Country classification applies: furnishing and light refurbishment may be supported; renovation/construction requires stronger justification and is generally limited.

Budget preparation

- Budget must be based on a needs assessment, including review of existing assets and replacement needs.
- Cost estimates must be certified by a qualified professional, net of taxes, and include all relevant costs; no contingency or provision allowed.
- Payments to contractors made only after certified confirmation of work quantity and quality.

Sustainability and compliance

- Significant investments must show asset life span, recurrent cost estimates and confirmed funding sources beyond the IP.
- Implementers must follow applicable laws, health and safety, construction, labor and environmental/social/climate requirements.
- Construction and renovation must follow national standards and be approved by relevant national authorities before work starts.

Cost Group 9: Non-health equipment

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Purpose

Provide detailed costing guidelines covering costs of non-health equipment required to deliver efficient and effective services to achieve program objectives

Key Considerations

- Certain NHE can be procured through wambo.org and/or UNOPS UNWebbuyPlus marketplace
- Implementers must follow organizational procurement and fixed asset management policies consistent with GF Guidelines on Fixed Assets Management

Cost Inputs

- 9.1 IT — computers, equipment, software and applications
- 9.2 Vehicles
- 9.3 Other non-health equipment
- 9.4 Maintenance and service costs — non-health equipment

Not Covered

- Non-health equipment or related maintenance cost already paid or covered by another donor.
- Proposed non-health equipment with no programmatic basis or justification.

Key documents

- Rationale for needs/replacement, programmatic basis and costs of non-health equipment and up-to-date Fixed Asset Register (FAR)

Key Requirements

General principles

- Comprehensive annual procurement plan required, outlining procurement needs and method for all NHE across programs; determines most appropriate, economical and cost-efficient procurement approach.
- Unit costs must reference published wambo.org and UNOPS UNWebbuyPlus prices where applicable.
- Implementers must follow organizational procurement and fixed asset management policies and applicable laws and regulations.

Vehicles (9.2)

- Vehicle budgeting must build on the goals and objectives of the funding request.
- Vehicle needs assessment and management plan required where budget is significant; must incorporate procurement procedures and cover:
    - Primary and secondary use; frequency of use; term of need; capacity needs; special configurations; quantity required; financial gap (domestic and other donor contributions).
    - Existing infrastructure (road conditions, parking, service networks, spare parts, fuel availability).
    - Administrative, operational, acquisition and replacement/disposal policies.
- Justify type and number of vehicles required; consider renting or reimbursing personal vehicles for short-term or infrequent needs; purchase or leasing for long-term frequent use.
- Vehicle insurance costs and ongoing running/maintenance costs budgeted for IP duration only, based on country context (route conditions, service network availability, spare parts).

Warranty costs (9.4)

- Extended warranty costs may be included if the extended period falls within the relevant AUP/IP.

Maintenance (9.4)

- Routine maintenance costs budgeted on a periodic (annual) basis; service must be rendered within the relevant IP.
- Maintenance costs beyond the IP must be funded through domestic or alternative sources.

Cost Group 10: Communication, information sessions & materials

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Purpose

Provide detailed costing guidelines covering costs intended to support fulfillment of program objectives through communication, outreach and information dissemination activities

Key Considerations

- Digital alternatives must be prioritized where feasible: tele-health, chatbots, mobile-friendly materials, social media; in-person and print approaches require justification
- Internally produced materials must be costed at marginal cost only
- Avoid duplication

Cost Inputs

- No specific cost inputs – only the overall cost grouping 10

Not Covered

- Excessive and unjustified quantities.
- Inflated costs and/or items with no programmatic basis or justification.

Key documents

- For budgets deemed significant by the Global Fund Country Teams, the PR must provide:
    - CISM strategy and expected impact on target groups.
    - VfM demonstration showing: (i) economy (ii) efficiency.
- PR's documented policies and procedures for managing printed materials.

Key Requirements

General principles

- Grounded in a coherent communication strategy integrated across the health system; prioritize targeted approaches for priority and vulnerable groups.
- Budget include sufficient justification by nature of epidemic and/or to ensure access to vulnerable populations.
- Costs must be supported by verifiable reference sources and essential specifications.

Unit costs and quantities

- Unit costs must demonstrate VfM: best available market price for required specifications, supported by credible pricing references, historical data or pro forma invoices.
- Quantities must be justified by intended beneficiaries; audio/video frequency should be linked to targets.
- Storage, distribution, design, development and content costs may be funded where supported by clear budget assumptions and references.

Capacity building and administration materials

- Communication materials for capacity building, planning and administration may be funded.
- Service provision protocols, operational templates and training materials should be developed using in-house resources and printing capacities; outsourced only in exceptional cases.

Digital and virtual approaches

- Digital alternatives must be considered first (tele-health platforms, chatbots, social media, mobile-friendly formats) before resorting to in-person or print-based approaches.
- Where digital approaches are not feasible, justification must be provided.

Duplication and existing materials

- Materials already developed (internally or externally) always be considered and reviewed before budgeting for new ones.
- The Global Fund may require additional information on the CISM strategy if budget is significant; determination of significance based on the Global Fund Country Team's assessment of country context and risk.

Cost Group 11: Indirect and overhead costs (1/2)

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Purpose

Provide detailed costing guidelines for cost inputs under Indirect and Overhead Costs, ensuring optimal allocation of resources to service delivery while maintaining administrative costs at a minimum level. **Shared costs shall be budgeted as direct costs so Cost Input 11.2 Shared Costs has been removed**

Cost Inputs

- 11.1: Office related cost.
- 11.3: Indirect Cost Recovery (ICR)

Not Covered

- Any item presented as management fee is ineligible for funding
- Duplicate costs and/or double counting of costs under direct and/or indirect cost recovery

Key documents

- The implementer’s organizational indirect cost sharing and recovery policy.
- Documentation to support SR administrative costs, provided upon Global Fund request during grant negotiation or at the time of signing the SR agreement.

Key Considerations

- INGOs and eligible Local NGOs may charge ICR, subject to agreed rates and pre-conditions.
- Governmental/public entities and other implementers use direct costs only; no percentage-based indirect costing.
- ICR rate increases require Global Fund prior written approval.

Key Requirements

General principles

- All costs charged to a Global Fund grant must: (i) be the actual costs attributable to the activity funded; (ii) not bear any profit element or margin above cost; (iii) not be charged with a view to income generation; (iv) not include any risk premium not based on actual cost.
- For implementers managing multiple grants/projects, only incremental administrative costs directly attributable to the Global Fund grant may be included.

ICR pre-conditions (all must be met before ICR can be charged)

- Nature and level of support activities agreed with the Global Fund at grant-making.
- Support/indirect costs enhance sustainability, VfM, performance and economies of scale.
- Financial system in place to demonstrate transparent cost recovery with clear audit trail.

Cost Group 11: Indirect and overhead costs (2/2)

Key Requirements

ICR Eligibility and Approach

Implementer Type	Eligible Approach
INGO PR/SR	ICR (agreed percentage rates per Appendix 1 maximum rates)
Local NGO PR/SR	ICR (agreed percentage rates per Appendix 1 maximum rates)
CSO / CBO / CLO	Direct costs only
Government / public entities	Direct costs only; no percentage-based approach
UN agencies	Separate arrangements apply (ICR rules do not apply except under Emergency Fund)

ICR Maximum Rates (Appendix 1)

Entity	Health products	All other direct costs	SR-managed funds
INGO PR	3%	7%	5%
INGO SR	3%	5%	—
Local NGO PR	2%	5%	3%
Local NGO SR	2%	3%	—
Under ASP	Higher rates apply — refer to Appendix 1		

HQ/Regional Office Direct Costs

- ICR percentage-based charge covers HQ/regional office support; related direct costs must not be duplicated in the grant budget.
- Exception: where the Global Fund requests HQ to provide a specific service (e.g., additional internal audit), direct costs may be charged with sufficient justification, detailed budget and confirmation no related costs are included in ICR.

ICR Execution and Reporting

- ICR disbursed in proportion to actual expenditures (including SR actual expenditures).
- PR charge on SR-managed funds must be exclusive of any ICR or shared cost charges applied by the SR.
- PR responsible for negotiating indirect and overhead costs charged by SRs at the same level of detail and same principles.

Cost Group 12: Living support to client/target population

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Purpose

Provide detailed costing guidelines for cost inputs covering monetary or in-kind support given to target populations to enable them to access program services and support income-generating activities

Key Considerations

- Effective and verifiable control systems are a prerequisite before any LSCTP support is included in the budget
- Cashless payment modalities are strongly recommended and increasingly required; cash payments must be limited and justified
- A prior risk assessment is recommended before introducing or continuing cash incentive schemes

Cost Inputs

- 12.2 Food and care packages
- 12.3 Cash incentives/transfers to patients, beneficiaries, counsellors and mediators

Not Covered

- Costs paid to people not included in the target population.
- Insufficient programmatic justification provided for payment of cost.
- Incentives paid to community health workers (cost input 13.5 or 1.6)

Key documents

- Implementers should ensure that there is a strategy underpinning the basis of the LSCTP support

Key Requirements

Control systems (prerequisite for all LSCTP)

Effective and verifiable control systems must cover:

- Identification of program clients and beneficiaries.
- Fair distribution within the selected group of clients.
- Control over storage, distribution, verification and accounting of monetary or in-kind support.

Budget assumptions and costing

- Costed at amounts appropriate to local market practice.
- Assumptions must be clear, reasonable and consistent with approved funding request; based on latest results, target population assumptions, and relevant national/international guidelines.

Cash and voucher instruments

- Use only where effective control mechanisms exist to ensure support reaches intended beneficiaries only.
- Cashless payment strongly recommended (mobile money, bank transfer, electronic vouchers) Cash amounts based on justified and reasonable rates per country context (e.g., cost of a return trip on local public transport).
- Where possible: pay directly to the supplier rather than cash to the individual.

Micro-loans and micro-grants

May only be provided on sole Global Fund discretion, provided that:

- PR follows applicable laws and maintains required licenses and authorizations.
- Beneficiaries are those without access to traditional micro-financing; transparent and equitable selection criteria defined.
- Conditional or unconditional nature of awards clearly specified and linked to Global Fund grant objectives.
- Micro-loans and micro-grants must be refunded or repaid to the grant before end of relevant IP.
- Adequate governance and financial management systems in place including record-keeping, audit and recovery guidance.

Cost Group 13: Results Based Financing

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Purpose

To provide detailed costing guidelines for cost inputs covering payment modalities where disbursements are contingent on the verification of predetermined results rather than input management

Key Considerations

- Salary top-ups remain strictly prohibited
- Every module with RBF interventions must have a corresponding indicator in the Performance Framework
- RBF and input-based modalities grants: clear separation required
- Input-based budgeting remains acceptable where systems are not yet ready for RBF

Cost Inputs

- 13.1 Payment for Results (PfR)
- 13.2 Results-Based Contract (RBC)
- 13.3 Incentives for PR/SR staff members
- 13.5 Incentives - community-based, incl. CHWs and outreach workers
- 13.6 Incentives - facility-based, incl. medical staff and other service providers

Not Covered

- Costs not aligned to a National Strategy Plan
- Both incentive budget and any changes thereof not specifically approved in writing by the Global Fund

Key documents

- Organizational incentive policies duly harmonized with Government policies and other donors.

Key Requirements

Payment for Results (PfR 13.1)

- The Global Fund pays the PR based on verified results against DLIs; each DLI in a separate budget line; budget period must match the DLI reporting period.
- Payment amount approaches:
  - **Cost-based**: expected provider input costs (NSPs, NASA, historical data).
  - **Adjusted cost-based**: cost-based plus adjustment factor to incentivize results or reflect risk.
  - **Non-cost-based**: assigned DLI value only where input costs are unavailable; evidence-based rationale required.

Results-Based Contract (RBC 13.2)

- PR/SR pays SR/SSR or supplier based on verified results.
- Materiality thresholds: >US$1M (Focused) or >US$3M (Core/HI) = Material RBC; below = Non-material.
- Material RBC additional requirements: methodology per PfR Technical Brief; independent verification entity identified; SAI/institutional auditor capacity for performance-based audits confirmed; all Global Fund funds tax-exempt per Article 3.5.

Incentive payments (13.3, 13.5, 13.6)

- Exceptional only; Global Fund prior written approval required; salary top-ups strictly prohibited
- **Task-based**: payment for additional duties beyond normal responsibilities.
- **Performance-based**: linked to specific results attributed to the Global Fund-supported program
- Payment conditioned on documented performance — not mere task completion.

Fiduciary and assurance requirements RBF

- Fiduciary assessment must confirm implementer capacity for sound financial management, procurement, fund flow and internal controls under an RBF modality.
- Independent verification entity identified with sufficient experience and tools prior to implementation.
- Assurance: SAI (preferred) or institutional auditor (including contractual external auditors).

Appendix 2: Focused Portfolios Management Models

Focused portfolio management is differentiated into three models to enable simplified, fit-for-purpose processes adapted to portfolio context. The applicable model is communicated to each country through the allocation letter, guided by criteria such as allocation size, delivery vs. input focus, in-country capacities, and political context.

	Model 1 – Aligned	Model 2 – Targeted	Model 3 – Light
Focus	Aligning with country priorities on a few specific strategic programmatic objectives, using country systems wherever possible.	Managing multiple programmatic objectives with payments linked to performance indicators (PfR modality).	Oversight of implementation progress using a lighter process for input-based budgeting.
Funding Request Budget Form	**Not required** — annual and total amounts defined in the Application Form narrative only.	**Required** at: module/intervention, cost grouping, implementer level.	**Required** at: module/intervention, cost grouping, implementer level.
Grant-making Budget Form	Required at module/intervention and cost grouping (default: 13.0) and implementer level — limited budget lines at the highest level possible.	Required at module/intervention, cost grouping, implementer level — PR proposes payment values linked to performance indicators.	Required at module/intervention, cost grouping, implementer level — limited intervention lines; no activity-level detail (except portfolios under major sanctions regimes).

Applicable across all 3 models

VfM Assessment

Based on costing of the NSP or equivalent document. For Model 3 (Light), Global Fund budget analytics may be used as an alternative.

Budget Revision

Follows Section 2.5.2 of the Guidelines for Grant Budgeting.

FX Gains Reinvestment

Follows Section 2.4 of the Guidelines for Grant Budgeting.

Audit Costs

Budgeted at cost group level under Technical Assistance (3.0), where applicable.

Capacity Assessment

Conducted via PR self-assessment. LFA assessment required only if self-assessment indicates major risks.

5 Budget Template

Budget: At a glance

Overall structure remains unchanged: Five types of tabs

(1) Setup Tab

Includes general information about the program, organized in three sections: i) Grant information; ii) Reporting set-up; and iii) Budget set-up

(2) Budget Tabs

Two separate “Budget” tabs with annual budget amounts

- One tab for **Health Products (HP)** budget
- One tab for **Non-Health Products** budget

(3) Assumptions Tabs

Standardized budget assumptions tabs for human resources (HR), travel-related costs (TRC), health products (HP)** and free sheet for other assumptions (incl. RBF related ones)

(4) Summary Tabs

Four summary tabs which provide a snapshot of the budget grouped in pre-defined categories:

1. Budget Summary (by module, cost grouping and implementer)
2. Summary by Intervention
3. Summary by Cost Input
4. Summary by Source of Funds

(5) ICR and Investment Landscape Tabs

- ICR tab provides an estimate calculation of the Indirect Cost Recovery (ICR)
- Investment landscape tab provides an overview of the investment landscape by key categories:
  1. Health Products and Supply Chain Management Costs
  2. Program Management Related Costs
  3. Program Activity Related Costs

Budget Template: Structure

Section/tabs	Type	Purpose
Index	Information	Overview of template; tab descriptions; whether data is manual or pre-populated
Setup	Manual input	Grant information; reporting setup; budget template setup (implementers, currencies, ICR, etc.)
Budget – Non-HP	Manual input	All non-HP cost groupings (1,2,3,8,9,10,11,12,13); also 4-7 if no HPMT
Budget – HP	Paste-values only	HP budget pasted from HPMT
Budget Summary	Auto	By module, cost grouping, implementer; in grant currency; language selectable
Summary by Intervention	Auto	Budget by intervention
Summary by Cost Input	Auto	Budget by cost input
Summary by Source of Funds	Auto	Budget by selected source of funds
Summary ICR	Auto-calculated	Estimate of ICR based on maximum applicable rates
Assumptions – HR	Manual	Standardized HR assumptions table
Assumptions – TRC	Manual	Standardized TRC assumptions table
Assumptions – Other	Manual	All other cost categories except HP
HP List-Focused	Manual	For non-RBF Targeted/Light Focused portfolios with HP
Free Sheet / Free Pivot Table	Optional	Additional information; custom pivot tables

Setup Tab

New Requirement
Update in existing Requirement
Same as before

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Purpose

- Captures grant configuration: IP dates, currencies, FX rates, implementer details, HPMT requirements
- Allows reporting set-up to be defined for financial reporting and audit purposes
- Allows input for relevant grant information for template setup i.e., drop-down lists for budget tabs

Key Changes

- **Template now allows for up to 6 years of implementation**

Key Considerations

- Setup is the source of the CSO-CBO total, ensure it is at least equal to the sum of budget lines allocated to implementers with type CSO and sub-type CBO
- Language cannot be changed once the user has started filling the Budget – Non-HP tab
- If the question on HPTM is not answered, cost inputs will be not be shown in the Budget-HP tab
- Please use latest FX rate as provided by the Global Fund for budgeting purposes
- ICR OPN is integrated in the Guidelines for Grant Budgeting

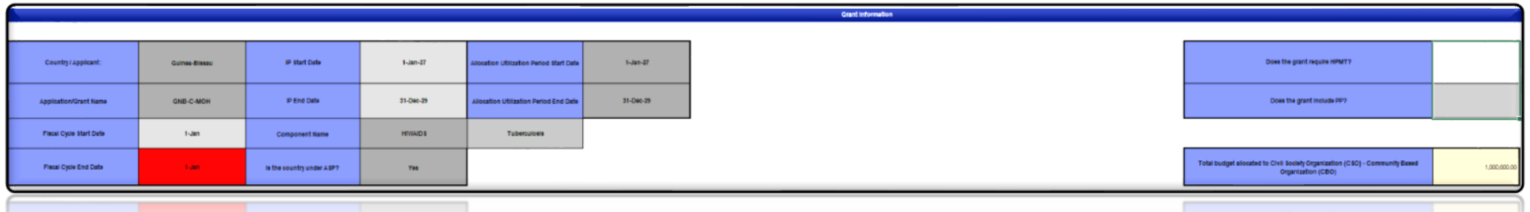
Key Contents

- **Grant Information:**
  - **Prepopulated Information without edit option:** Country/Applicant, Applicant/Grant Name and Component Name, Allocation Utilization and Implementation Period and Fiscal Cycle.
  - **Prepopulated information with edit option**: Allocation Utilization Period and Implementation Period start and end date.
- **Reporting setup**:
  - **Financial reporting cycle** – provide start and end of corresponding financial reporting period.
  - **External audit period** – provide start and end date of corresponding external audit period.
- **Budget template setup:**
  - **Year start and end date** – prepopulated based on IP start date but editable.
  - **Payment currency** – prepopulated grant currency and local currency whereas other currency can be added.
  - **Principal Recipients and Sub-recipients** – drop-down list available for previous implementer but additional PR and SRs can be added.
  - **Indirect Cost Recovery (ICR)** – required information as per Guidelines for Grant Budgeting.
  - **Third-Party Suppliers** – required information as per budgeting guidelines.
  - **Geography/ Location** – Geography is mandatory now.

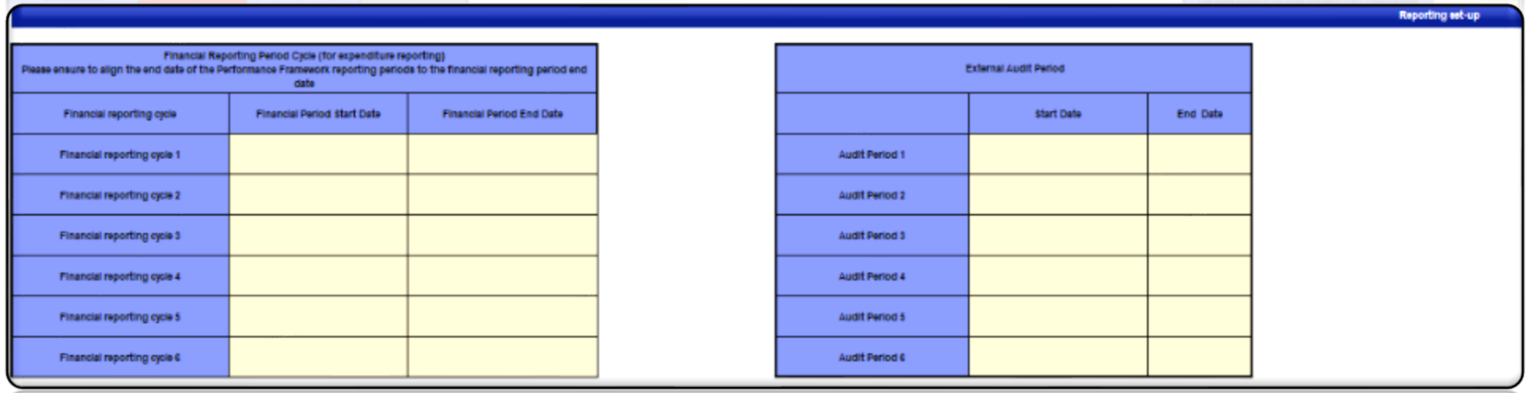
New Requirement
Update in existing Requirement
Same as before

Setup Tab

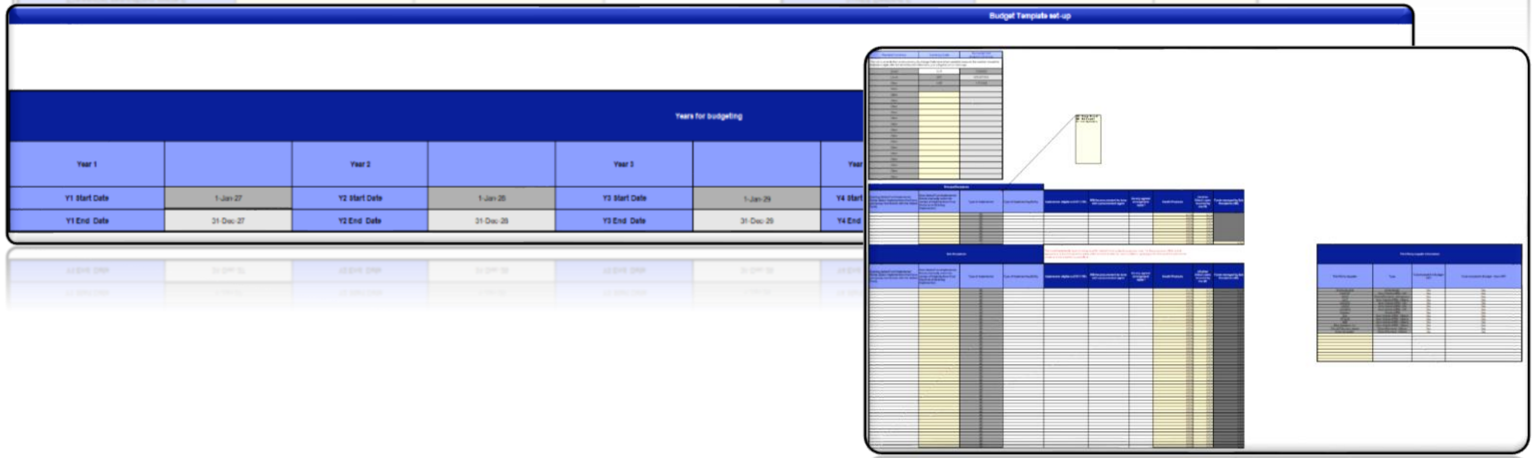
1 **Grant Information**



2 **Reporting set-up**



3 **Template set-up**



Budget Tabs

New Requirement
Update in existing Requirement
Same as before

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Purpose

- **Core data entry tabs capturing line-by-line HP and non-HP budget data by year.**
- **Key tabs**: Budget Non-HP & Budget HP

Key Changes

- **Updated Data Quality Checks (DQC)**
- **Changes to Sources of funds:**
  - Added Climate and Health Fund, UQD, Special Purpose 3
  - Removed Special Purpose 1
- **Rename of "Total Cash Outflow" columns to "Yx Total Cash Outflow (grant currency)“**
- **Budget Columns have been updated to remove columns related to unit costs/quantity:**
  - Removed: Unit Cost (Payment Currency & Grant Currency), Unit of Measure, Quantity

Key Considerations

- Grant currency cash outflow is calculated automatically from payment currency and FX table, ensure both are populated for the formula to return a value.
- Do not mix Cost Inputs (e.g. 1.1) and Cost Groupings (e.g. 1.0) in the same budget choose one level of granularity. Only cost grouping without Cost Inputs is Cost Grouping 10.
- Setup language must be finalized before starting budget line entries, as it cannot be changed later (same as before).
- Errors must be fixed with a new upload before the budget can be submitted; warnings require a justification before submission.

New Requirement
Update in existing Requirement
Same as before

Budget Tabs: non-Health Products (HP)

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Purpose

- **Captures line-by-line Non-Health Product budget data, structured by year.**
- **Allow reviewers (PR, LFA and CT etc.) to provide comments etc.**

Key Changes

- **Budget Columns have been updated to remove columns related to unit costs/quantity:**
- **Removed: Unit Cost (Payment Currency & Grant Currency), Unit of Measure, Quantity**

Key Considerations

- Payment currency must be selected for each budget line, otherwise the grant currency conversion will fail.
- Not possible to add any information outside the drop-down list, if required updated related information in the set-up page.
- The user must answer the question "Does the grant requires HPMT"?
- Avoid copy and paste, drag-down, and others.
- The mandatory cell will be highlighted in red.
- Column A will show an error message if mandatory information is not provided, or information provided in respective column is not consistent with the information in the drop-down lists.

Key Contents

- **Description of Activity**: The user must ensure the necessity of the activity, and that it is reasonable and contributes directly or indirectly to the program objective.
- **Select the following dimensions from drop-down lists (linked to the related information provided in the set-up page):**
  - Module and Interventions: Modules and related interventions based on selected the disease component(s) on the Setup tab.
  - Cost inputs: Cost grouping or cost inputs (as appropriate).
  - Implementer: The entity that will implement and manage the associated budget line.
  - Geography: Geographies for each budget line.
  - Payment Modality: Implementer or Third-Party Suppliers (as appropriate).
  - Payment currency: The currency in which payment is made to the relevant employee, service provider and/or supplier.
- **Sources of funds** – the user must select the source of fund for each budget line from the drop-down list which includes:
  - Approved Funding – for all the activities that are funded by the Country Allocation and any Catalytic Investments as well as any approved Portfolio Optimization.
  - Unfunded Quality Demand.
  - Climate and Health Fund.
- Error column will show an error message if mandatory information is not provided, or information provided in respective column is not consistent with the information in the drop-down lists.

New Requirement
Update in existing Requirement
Same as before

Budget Tabs: Health Products

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Purpose

- **Captures line-by-line Health Product (HP) budget data, structured by year.**
- **Allow reviewers (PR, LFA and CT etc.) to provide comments etc. .**

Key Changes

- **Updated Data Quality Checks (DQC) for HP and HPMT**

Key Considerations

- Use the new Assumptions HP sheet to document HP-related assumptions, particularly where HPMT is not used.
- HP totals will be compared with HPMT online form totals please ensure alignment between the two.
- Align the reference data with of both HPMT and DB template particularly for implementers, payment modality, geography, and others.
- Only paste value, must not change the format.
- Closely collaborate to ensure that total budget is within the allocation amount.

Key Contents

- **HPMT Excel extract generated from the Partner Portal for use in the HP Tab.**
    - In the setup page, select "Yes" for the field "HPMT required?“
    - Complete the online HPMT and copy & paste the output into the Budget HP tab.
- **If no:**
    - and the portfolio is Core / High Impact, no further action is required.
    - and the portfolio is Focused, complete the new Assumptions HP-Focused tab and enter the HP sub-total budget in the Budget non-HP tab under the required dimensions.
- **Error column will show an error message if mandatory information is not provided, or information provided in respective column is not consistent with the information in the drop-down lists.**

New Requirement
Update in existing Requirement
Same as before

Budget Excel: Data Quality Checks (DQCs)

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Purpose

- **DQCs validate Budget Excel data on import, flagging issues before review and submission.**
- **Shown in PP and GOS, and split into Errors (must fix) and Warnings (review).**

Key Changes

- **DQCs are now visible in the system to both PRs and Global Fund**

Key Considerations

- Most Error checks fire only on budget lines with a total greater than 0.
- Errors cover missing Module, Intervention, Cost input, Funding source, Implementer, entity type and Currency.
- B-7 flags amounts dated after the IP End date; B-8 checks CSO-CBO allocation totals.
- Warnings flag mismatched cost inputs (B-12) and HP-tab vs HPMT totals (B-13).

Key Contents

Errors – must be corrected before submission

- **B-1:** Intervention selected does not match the chosen Module.
- **B-2:** No Module selected.
- **B-3:** No Intervention selected.
- **B-4:** No Cost input selected (line total > 0).
- **B-5:** No Source of funding selected.
- **B-6:** No Implementing entity selected.
- **B-9:** No Implementing entity type selected.
- **B-10:** No Payment currency selected.
- **B-7:** Budget line with an amount > 0 after the IP End date.
- **B-8:** Total budget to CSO-CBOs is less than the sum of budgets to CSO/CBO-type implementers.
- **B-14:** Any line with an amount < 0.

Warnings – review for accuracy

- **B-11:** Both Cost Inputs and Cost Grouping used in the same Budget Excel (excludes Cost Grouping 10.0; skipped when only one active cost input exists).
- **B-12:** Cost inputs selected do not match the indicated interventions (no check if interventions are not indicated).
- **B-13:** HP-tab budget total (excluding UQD) differs from the HPMT form amount, where it exists.

Summary Budget Tabs

New Requirement
Update in existing Requirement
Same as before

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Purpose

- **Provide aggregated views of the Budget used for internal review, signing, reporting, and trigger analysis**
- **Key tabs:** Budget Summary, Summary by Intervention / Cost Input / Source of Funds

Key Changes

- **UQD is excluded from Budget Summary, Summary by Intervention, Summary by Cost Input, Summary ICR, and Investment Landscape Overview budget them on HP only where appropriate**
- **The Summary Source of funds table can now be filtered according to the Sources of funds selected in the budget tabs**

Key Considerations

- Do not require any manual input, the tables are automatically fed by the data in the Budget tabs.
- The tabs will show an error message in case of in-consistent data/information across tabs and tables.

Key Contents

- **The Budget Summary tab provides a snapshot of the budget grouped in three categories:**
  - Modules, cost groupings and implementers.
- **The Budget Summary tab is always in the language of submission** (English, French or Spanish). However, the user can select any language from the drop-down menu.
- The Summary by Intervention tab provides a snapshot of the budget grouped by intervention.
- The Summary by Cost Input tab provides a snapshot of the budget grouped by cost input.
- The Budget Summary by Source of Funds tab provides a snapshot of the budget by source of funds (selected from drop-down menu) grouped into modules, cost groupings and implementers.
- Unfunded Quality Demands are not included in these summaries.

New Requirement
Update in existing Requirement
Same as before

Assumptions Tabs

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Purpose

- **Provide basis for the budgeting in HP and non-HP tabs**
- **Key Tabs:** Assumption HR, Assumption TRC, Assumption Other

Key Changes

- **New "HP List - Focused" tab**

Key Considerations

- The Standard Assumption tabs are unprotected sheet providing standardized tables guiding the implementers to budget their HR cost and TRC.
- The Implementer may tailor this template to the specific requirements in consultation with respective Global Fund Country Team.
- Each Implementer must budget their HR cost and TRC using these tables at Implementer, cost inputs, geography, and payment currency (lowest analytical field in the Budget tab) and link with the Budget non-HP tab.

Key Contents

- The Standard Assumption tabs are unprotected sheet providing standardized tables guiding the implementers to budget their HR cost and TRC.
- The Implementer may tailor this template to the specific requirements in consultation with respective Global Fund Country Team.
- Each Implementer must budget their HR cost and TRC using these tables at Implementer, cost inputs, geography, and payment currency (lowest analytical field in the Budget tab) and link with the Budget – Non-HP tab.
- For HR Assumptions: Listing of all the positions supported by the grant funds broken down by Implementer, location, cost input and payment currency, etc. This is specifically required for HRH/CHW positions.

New Requirement
Update in existing Requirement
Same as before

ICR and Investment Landscape Tabs

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Purpose

- **Provide a macro level analysis on the key investment areas and ICR charged**
- **Key Tabs:** Summary ICR, Investment Landscape Overview

Key Changes

- **UQD and Climate and Health Funds are excluded Summary ICR, and Investment Landscape Overview**

Key Considerations

- No manual entry required, the information is driven from the Setup tab and the Budget tabs.
- ICR and Investment landscape tabs does not provide any normative guidance or thresholds, but only acts as a tool to help provide an analytical structure and information for analysis and decision making.
- The Implementer may tailor this template to the specific requirements in consultation with respective Global Fund Country Team.
- Use these tables to budget HR and TRC costs per Implementer, broken down by cost input, geography, and payment currency, the lowest analytical level in the Budget, and link each entry to the Budget non-HP tab.

Key Contents

- Indirect Cost Recovery: This tab provides an estimate calculation of the Indirect Cost Recovery (ICR) based on the maximum percentage chargeable by an eligible entity and information provided in the Setup tab and the Budget tabs.
- Investment Landscape: This tab provides an overview of the investment landscape by key categories:
  - Health Commodities/Equipment and Supply Chain Costs.
  - Program Management Related Costs.
  - Program Activity Related Costs.
- No manual entry required here, the information is driven from Setup tab and the Budget tabs.
- ICR and Investment landscape tabs does not provide any normative guidance or thresholds, but only acts as a tool to help provide an analytical structure and information for analysis and decision-making.

6 Resources

Resources

GC8 Documents:
- Guidelines for Grant Budgeting
- Operational Guidance for Grant Budgeting
- Instructions for Completing the Budget Template — GC8

Key Resources:
- Country Resources
- Financial Management
- Value for Money
- Sustainability, Transition and Co-Financing

Thank you

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