

Co-financing

Approved on 29 May 2026
Approved by Executive Grant Management Committee
Process Owner Health Finance Department (HFD)

Process Metrics for Co-financing

Country Coordinating Mechanisms (CCM), Principal Recipients (PR), government stakeholders, Country Teams (CT) and Secretariat teams are expected to meet the following metrics:

- 90% of Grant Approvals Committee (GAC) reviews include a final co-financing compliance assessment (for forward and backward-looking requirements), by the time of GAC approval.
- 100% of eligible countries have a final co-financing compliance assessment (for forward and backwards looking commitments) within 6 months of the implementation period start date.
- 85% of eligible countries (PRs or government) complete annual reporting on co-financing commitment realization on time. This metric can be different for countries / disease components transitioning in Grant Cycle 8 (GC8).
- Waivers applied to less than 15% of GC7 and GC8 co-financing requirements.

Process Objectives

1. Improving domestic financing plays a critical role in achieving programmatic impact, strengthening sustainability, supporting effective transitions, and reducing reliance on external financing. The Global Fund's co-financing policy is included in the Sustainability, Transition and Co-financing Policy¹, (STC Policy) and is a key lever to support more money for health and more health for money, both of which are critical to 2023-2028 Global Fund Strategy.
2. **Co-financing** relates to domestic public resources² that finance the health sector and national disease responses supported by Global Fund financing. Domestic public resources include government revenues, government borrowings, health insurance and debt relief proceeds including Debt2Health³ arrangements with the Global Fund. All other forms of international assistance, even when channeled through government budgets, are not considered as co-financing under the STC Policy.
3. **Country stakeholder roles:** Governments (including relevant budget authorities) are accountable for developing, approving and realizing co-financing commitments. CCMs support co-financing implementation, including: (a) preparing co-financing documentation during the Funding Request; (b) identifying which PR will include co-financing commitments in the co-financing online form and report on the realization of commitments during grant implementation; and (c) overseeing the implementation of co-financing commitments, including supporting governments and PRs, as relevant, to report on progress. PRs support co-financing documentation in Grant-making, in collaboration with the CCM and government stakeholders (including budget entities) and support reporting (if applicable) during implementation.
4. The implementation of co-financing is embedded in the Global Fund's Grant Life Cycle (GLC) processes. Relevant steps are outlined in Figure 1.

¹ The Global Fund [Sustainability, Transition and Co-financing Policy](#), as set forth in Annex 1 to GF/B52/08E, and approved by the Board in November 2024 under decision point GF/B52/DP04.

² In specific circumstances and based on country context, domestic private contributions, restricted to individual payments for health financial protection mechanisms and verified contributions from domestic corporations can be considered as co-financing. Out of pocket payments borne by households or individuals do not count as co-financing.

³ While the STC Policy includes Debt2Health in the formal definition of co-financing, the Global Fund Secretariat treats this on a case-by-case basis to avoid double-counting and ensure co-financing supports sufficient additional resources for health and the national responses.

Figure 1: Co-financing processes across the GLC

Funding Request	Grant-making	Grant Implementation
Define and communicate co-financing requirements	Formalize co-financing commitments and report on realization of past commitments	Finalizing compliance during grant implementation (if applicable)
Country Dialogue on co-financing requirements	Assess co-financing risk	Support ongoing dialogue and monitor co-financing progress
	Assess compliance with co-financing requirements	Withholding disbursements (if applicable)
	Recommend and decide on compliance assessment actions (if applicable)	Approve revisions to commitments (if applicable)
	Communicate compliance outcomes and co-financing decisions	

Operational Policy

5. This Operational Policy Note (OPN) defines guiding principles and requirements for co-financing implementation.
6. This OPN applies to GC8 grants and onwards, as well as GC7 grants for the purpose of monitoring implementation and backward-looking (GC7) compliance assessments.⁴
7. The OPN applies to country and multi-country applicants to the extent specified in the dedicated multi-country section, regardless of whether the PR is a governmental or non-governmental entity. **Annex 1 (Requirements by Portfolio Category)** provides a summary of the co-financing deliverables and how they apply to each portfolio category.
8. Access to a portion of the Global Fund allocation (referred to as the **co-financing incentive**⁵) is conditional on countries meeting co-financing requirements.⁶ At a minimum, the co-financing incentive is 15% of the allocation and can be increased by the Global Fund Secretariat (the Secretariat) prior to each allocation period or waived in exceptional circumstances.
9. **Co-financing requirements:** The Global Fund has three types of co-financing *requirements*. Co-financing commitments must align with these requirements and be formalized in a signed **commitment letter (CL)**.⁷ The requirements are:
 - a. **Government health expenditure (requirement 1):** Increasing government expenditure on health to meet national universal health coverage (UHC) goals over each allocation period. This is applicable only to low-income countries (LICs) and lower-lower-middle countries (L-LMICs).
 - b. **Financing of specific programmatic interventions (requirement 2):** Increasing financing of the costs of key programmatic interventions over each allocation period. This is applicable to all countries and primarily focuses on the gradual uptake of interventions funded by the Global Fund to ensure an optimal mix of Global Fund and country investments.
 - c. **Disease-specific financing (requirement 3):** Increased financing of national HIV, TB and malaria responses and/or RSSH⁸ over each allocation period. This is applicable to all countries. The minimum increase in financing between one grant cycle and the next is calculated as a percentage of the Global Fund disease allocation and must be at least 7.5% for LICs and at least 15% for

⁴ In the decision point approving the STC Policy in 2024, the Board specifically approved that the revised STC Policy applies for GC8, and that this includes updated approaches to compliance assessment and monitoring outlined in the Policy, specifically in points 29 through 38. The inclusion of this language in the Board approval does not change the co-financing requirements or commitments made for the GC7 cycle.

⁵ The 'co-financing incentive' refers to the portion of the grant conditioned on co-financing requirements

⁶ [STC Policy](#), paragraph 19

⁷ [STC Policy](#), paragraphs 21-24.

⁸ *Resilient and Sustainable Systems for Health*, as defined in the Global Fund's [Modular Framework](#)

'middle-income' countries (MICs)⁹. This can be adjusted by the Secretariat prior to each allocation period.

10. **Relationship between requirements 2 and 3:** Countries can focus the entirety of their disease specific co-financing commitments, including any required increases, on the financing of specific programmatic interventions. Commitments to finance specific programmatic interventions can fulfil requirements 2 and 3.
11. **Focus of requirements 2 and 3:** The focus of co-financing requirements is differentiated by country income level. This is intended to focus co-financing where it can have the most impact, considering the size and targeting of Global Fund allocations and current levels of health financing:
 - a. LICs are encouraged to consider disease specific co-financing, but have the flexibility to fulfil the majority of their co-financing requirements through RSSH investments.
 - b. L-LMICs have the flexibility to fulfill up to 50% of co-financing requirements through investments in RSSH.
 - c. For U-LMICs and UMICs, 100% of co-financing must be focused on specific sustainability and transition priorities¹⁰, with particular attention to financing of programmatic interventions targeting key and vulnerable populations, as relevant to the country context. Commitments to fulfill requirement 2 are reviewed in line with this focus.
12. **Non-monetized commitments**¹¹: These can be included in the commitment letter, but are considered complementary and do not count towards fulfilling the disease-specific co-financing requirements.
13. **RSSH co-financing:** RSSH commitments must represent budget allocations that are aligned with the RSSH interventions in the Global Fund [Modular Framework](#) or investments in primary care systems and services (as agreed with the Global Fund).
14. **Time period and annualized commitments:** Co-financing commitments must be linked to the implementation period of the grants for that disease component. Co-financing monitoring and reporting schedules can be aligned to the country's fiscal period and budgeting cycle. Wherever possible, countries are encouraged to break down commitments by year, including commitments to finance specific programmatic interventions.
15. **Compliance with co-financing requirements:** The Secretariat assesses compliance with co-financing requirements and decides on non-compliance actions prior to the approval of new grants¹². Further details are included in section B3.
16. **Co-financing waivers:** At any point during the grant lifecycle, a full or partial waiver of co-financing requirements can be exceptionally approved by Head, Grant Management Division (GMD) upon Head, HFD and Department Head, GMD's written request and Chief Financial Officer (CFO)'s no-objection. A waiver can be granted in the following circumstances, among others:
 - a. The country is classified as a Challenging Operating Environment (COE) and it is determined that formal in-country engagement on domestic financing is not feasible;
 - b. A severe economic/fiscal crisis is impacting government revenues/expenditure, which has resulted in lower health and disease spending and justifiable circumstances for a co-financing waiver;
 - c. *Force majeure* events such as natural disasters, sudden outbreaks of disease / pandemics, outbreaks of war and/or civil or political unrest have resulted in severe disruption of program implementation or in the reallocation of government resources to address emergencies; and/or

⁹ This includes both LMICs and Upper Middle-Income Countries (UMICs).

¹⁰ While a major focus in U-LMIC and UMICs relates to uptake of remaining, relevant grant costs, co-financing commitments do not need to be completely focused on uptake of grant costs and can be used to scale up domestic investments in critical priorities and/or address continuing programmatic gaps.

¹¹ These can include qualitative commitments (such as policy changes, improvements in service delivery models, etc.) as described in this OPN and will depend heavily on country context.

¹² This process is differentiated for countries receiving final, transition grants.

- d. Severe limitations related to domestic financing data / expenditure make it infeasible to accurately monitor, track and confirm co-financing requirements such that implementation of the co-financing policy is impractical. Data limitations must be specified in any waiver of co-financing requirements.
17. **Relationship with other partner co-financing or co-investment policies:** Multiple external financiers have co-financing requirements that aim to strengthen national disease responses and health systems. The Global Fund works closely with countries to understand the overall co-financing commitments made in the context of external financing, to support greater transparency for Ministries of Finance and ensure that commitments are aligned with a country's fiscal capacity. Countries consider overall co-financing commitments across all institutions when finalizing their commitments to the Global Fund.

Recognizing that every country's context is unique, the Global Fund engages with individual countries on how their co-financing commitments to the Global Fund and other external financiers relate to each other.

- a. In principle, to ensure that co-financing is additive and mutual re-enforcing, co-financing commitments made to other external financiers do not generally count as co-financing commitments made to the Global Fund, except with respect to the Global Fund's total health spending requirements. For example, domestic co-financing commitments to Gavi related to malaria vaccine procurement and delivery cannot be counted towards fulfilment of Global Fund's disease and/or RSSH specific co-financing requirements. However, country commitments for malaria vaccine procurement and delivery are counted towards fulfilment of the overall government health expenditure requirement, as part of overall health systems financing.
- b. There can be country specific situations (e.g., with bilateral partners also providing support for HIV, TB and malaria) where tripartite approaches to co-financing and/or specifying the same requirements (including commitments relating to health products or the percentage of the national budget allocated to health) will be more effective and beneficial to strengthening financial sustainability than maintaining separate country co-financing commitments. The Global Fund approaches these on a case-by-case basis.
- c. For co-financing requirements related to overall increases in health expenditure, potential overlap with the requirements of other partners is allowed. The Global Fund can work with other partners to align requirements to increase health spending overall and support improvements in prioritization and/or overall financing of the health sector.

A. Funding Request

A.1. Define and communicate co-financing requirements

18. Before the start of each allocation period, countries will receive an **allocation letter** from the Global Fund outlining the following information on co-financing:
- a. Whether the country is **exempted** or **waived** from any co-financing requirements in the existing or upcoming allocation period;
 - b. A reference to co-financing requirements for the previous allocation period (**'backward-looking requirements'**);
 - c. **The co-financing incentive %** applied to the upcoming allocation period;
 - d. The estimated minimum total requirement amount(s) for the entire grant cycle which the country must commit to in order to comply with co-financing requirements for the upcoming allocation period (known as **'forward-looking co-financing requirements'**);¹³
 - e. Focus of co-financing commitments in the upcoming allocation period based on country income level and disease burden;

¹³ For countries receiving their final allocation from the Global Fund, the information included in the allocation letter may not include the estimated total minimum requirement. In addition, if a commitment has not yet been received for the previous cycle, the information in the allocation letter will not include the estimated total minimum requirement.

- f. Tailored messages on the focus of co-financing commitments and financial sustainability, including (but not limited to) potential focus areas for specific commitments toward the financing of programmatic interventions (co-financing requirement 2); and
- g. Additional tailored messaging on the implementation of co-financing as relevant to the country context.

A.2. Country Dialogue on co-financing requirements

19. Co-financing is a key topic during country dialogue, focusing on¹⁴:
- a. Trends in overall health expenditure, the three diseases and RSSH (as applicable), including preparing the Funding Landscape Table (FLT);
 - b. Evidence available to verify realizations of co-financing commitments for the existing allocation period to fulfil backward-looking co-financing requirements;
 - c. Critical programmatic areas for future co-financing commitments which will strengthen financial sustainability, support self-reliance, support effective transitions and improve impact on HIV, TB, malaria and / or RSSH, including related to specific programmatic interventions and programmatic costs financed by the Global Fund; and
 - d. Early discussion of potential co-financing commitments for the future allocation period to fulfil forward-looking co-financing requirements, which will be signed off by the government in a commitment letter and submitted to the Global Fund during Grant-making.
20. **Funding Landscape Table (FLT):** Captures information related to financing needs for HIV, TB and malaria responses and expected available funding from domestic and external sources other than the Global Fund. The FLT supports understanding of the overall financing landscape and discussions on the development of the co-financing commitments included in the commitment letter. The FLT is required as part of the funding application (differentiated by portfolio type).
- a. Focused portfolios¹⁵ submit the FLT. They are only required to report aggregate disease expenditure and budget figures relating to the previous allocation period (backward looking). All other uses of the FLT for Focused Portfolios are optional at the discretion of the Country Team and the HF Specialist.
 - b. High Impact and Core portfolios¹⁶ are required to submit the FLT. Countries can opt-out of specific aspects of the FLT, including the Health Product Tab and the detailed financial gap tab for disease-specific spending. Specific criteria for opt-out are included in the instructions for the FLT.

B. Grant-making

B.1. Formalize co-financing commitments

21. **Co-Financing Online Form**¹⁷: The Global Fund captures co-financing commitments through an online co-financing form to support structuring and consistency in co-financing commitments, visualization against grant budgets, and more direct inclusion in Global Fund systems for improved data management and governance. The PR identified by the CCM to report on co-financing captures the government's co-financing commitments in the co-financing online form which is then used to populate a standardized annex. This annex is attached to the commitment letter for signature by country budget authorities.
22. **Commitment Letter (CL):** This document describes: (a) the country's verified expenditure and budget allocation¹⁸ (as relevant) for the existing allocation period; (b) co-financing commitments for the

¹⁴ For all countries receiving final grants, there is no subsequent country dialogue process to review realization of previous commitments. Given this, differentiated approaches to monitoring are taken in transition contexts, as described in this OPN.

¹⁵ [Download Funding Landscape Table for Focused portfolios.](#)

¹⁶ [Download Funding Landscape Table for High Impact and Core portfolios.](#)

¹⁷ The Co-Financing Online form will be finalized prior to GC8 grant-making processes.

¹⁸ The Secretariat can apply a coefficient derived from the country's historical execution rates to adjust realizations based on budget allocations. This helps to avoid unrealistic commitments in the form of provisional budgets that can inflate co-financing requirements over time.

upcoming allocation period; and (c) reporting and monitoring sources. The commitment letter must be signed by the Ministry of Finance or relevant government budget authority¹⁹. For an entity to be considered a budget authority, it must have formal authority over budget decisions and the formal ability to commit resources to national disease responses and UHC in the form of co-financing. Country governments must submit their final signed CL as early as possible at the Grant-making stage.

- a. As best practice, commitments in the CL are expressed in both local and allocation currencies, with the exchange rate specified. Where no exchange rate is specified, the grant budgeting approach shall apply as outlined in the Guidelines for Grant Budgeting;
- b. For HI and Core portfolios, evidence must be submitted alongside the CL to: (i) verify the expenditure and / or budget allocation figures described to fulfil backward-looking co-financing requirements; and (ii) substantiate forward-looking commitments including, but not limited to, budgets or medium-term expenditure frameworks;²⁰
- c. Countries must submit their signed CL before their first grant is reviewed for approval. All countries are recommended to submit one comprehensive CL that covers all eligible disease components²¹;
- d. In certain circumstances, non-monetized commitments, including to absorb specific functions or support improvements in service delivery, can be accepted as complementary to monetized commitments if they are monitorable, strategically focused, linked to absorption of costs covered by the Global Fund, and incorporated into the CL²².
- e. As part of the submission of CLs, the Global Fund can work with countries to document the methodology used to determine either historical and/or projected domestic spending, to support with reviews of realization and compliance assessments.

23. **Final / Transition Grants:** In countries where the Global Fund is providing final and ‘transition’ grants, there are standard, additional flexibilities for co-financing requirements 2 and 3. These are described in Annex 1a.

B.2. Assess co-financing risk

24. **Domestic health financing and co-financing risk** refers to the possibility of non-realization or partial realization of domestic co-financing commitments.

25. **High Impact and Core countries:** During Grant-making and prior to GAC review, CTs undertake an assessment of co-financing risk as part of the overall risk processes. Per the [OPN on Country Risk Management](#), co-financing risk is monitored throughout the grant lifecycle using the Integrated Risk Management (IRM) 2.0 Module in the Grant Operating System (GOS). The Secretariat considers and defines co-financing mitigating actions in the IRM for all High Impact and Core countries.

26. **Focused countries:** Assessment of co-financing risk in Focused portfolios is optional. CTs can decide, based on country context, to define and monitor mitigating actions as relevant.

B.3. Assess compliance with co-financing requirements

27. Based on documents and evidence submitted, the Secretariat assesses whether countries have complied with their backward-looking and forward-looking co-financing requirements prior to GAC review / approval of subsequent grants.

28. Compliance for each HIV, TB, malaria and RSSH component (if applicable) is assessed separately. A country is deemed compliant if all co-financing requirements are met²³.

¹⁹ For Focused portfolios, a signature from the Ministry of Health or other relevant government authority is sufficient

²⁰ This requirement does not apply for Focused portfolios, which benefit from additional differentiation in verification requirements as described in this OPN.

²¹ In some cases, when grants for separate disease components are approved at different times, flexibility can be required to allow countries to submit CLs after the first grant is approved. The Secretariat approaches this on a case-by-case basis.

²² Examples can include (but are not limited to): commitment to updating govt guidelines to allow for incorporation of community-based organizations as formal providers for public health responses; commitments to revising national guidelines that will enable scale-up of evidence based interventions, etc.

²³ In some specific cases, countries have individual disease components with different transition timelines. In those cases, the Global Fund approaches the review of compliance on a case-by-case basis, given the differentiated approaches used for final / transition grants.

29. Once a country is assessed as compliant for a disease component, the compliance outcome is final and not subject to revision.
30. If a country is not compliant with co-financing requirements, the Secretariat will either (a) reduce the country's existing or upcoming allocation; or (b) exceptionally approve a partial or full waiver of requirements.
31. Compliance with co-financing requirements is considered in the Secretariat's decision-making processes related to portfolio optimization and the qualitative adjustments process for grant cycle allocations²⁴ for each allocation period.
32. Considerations that support co-financing compliance decisions include, among others:
 - a. The extent to which evidence to verify realizations of co-financing commitments is available, both for the existing allocation period and to substantiate proposed commitments for the upcoming period; and
 - b. Currency depreciation, quantified efficiencies, macroeconomic, fiscal and other contextual factors relevant to the country context, including country budgeting and reporting processes which can affect the evidence available for verifying compliance.

Backward-looking Compliance Assessment

33. For backward looking compliance, countries can be assessed as:
 - a. **Compliant**, where available evidence, including verified realizations and budget allocation²⁵, demonstrates that co-financing requirements for the existing allocation period²⁶ will be fulfilled;
 - b. **Non-compliant**, where available evidence, including verified realizations and budget allocation, demonstrate that co-financing requirements for the existing allocation period²⁷ will not be fulfilled or insufficient evidence has been submitted by the country; or
 - c. **Conditionally compliant**, where more time is exceptionally needed to finalize the compliance assessment, as determined by the Secretariat.
34. **Currency:** The relevant currency for the purpose of backward-looking compliance assessment is determined by the currency of the commitment letter. The Secretariat has the flexibility to assess compliance in either allocation and/or local currency given the potential for significant exchange rate fluctuations.
35. **Efficiencies:** Efficiencies realized as part of fulfilling co-financing requirements can count towards the country being assessed as compliant. Efficiencies realized by countries (such as reductions in the price of procured health products, changes in service delivery models, etc.) are treated positively in co-financing compliance discussions, whenever sufficient evidence is presented.
36. **Financing of specific programmatic interventions (Requirement 2):** To assess backward-looking compliance with requirement 2, the Secretariat considers:
 - a. Whether evidence demonstrates that the country has realized the monetized and monitorable programmatic commitments described in the CL for the existing allocation period;
 - b. The extent to which the country has submitted evidence that it has fulfilled any non-monetized programmatic commitments described in the CL for the existing allocation period;
 - c. The extent to which shifts in the funding landscape have impacted the realization of programmatic commitments and the country's response to these shifts; and
 - d. Whether any evidence exists related to implications of non-realization of commitments, such as stock-outs or program discontinuities.

²⁴ The quality adjustment process is an internal process at the Global Fund Secretariat related to adjusting allocation amounts prior to each grant cycle.

²⁵ The Secretariat can apply a coefficient derived from the country's historical execution rates to adjust realizations based on budget allocations. This helps to avoid unrealistic commitments in the form of provisional budgets that can inflate co-financing requirements over time.

²⁶ Realization of co-financing commitments is reviewed in alignment with the implementation period of the relevant grants.

²⁷ Realization of co-financing commitments is reviewed in alignment with the implementation period of the relevant grants.

Forward-looking Compliance Assessment

37. For forward looking compliance, countries can be assessed as:
- Compliant**, where the co-financing commitments in the commitment letter for the upcoming allocation period²⁸ fulfil the co-financing requirements;
 - Non-compliant**, where the co-financing commitments in the commitment letter for the upcoming allocation period²⁹ does not meet the co-financing requirements, or the letter is incomplete or has not been submitted by the country; or
 - Conditionally compliant**, where more time is exceptionally needed to finalize the co-financing commitments or compliance assessment, as determined by the Secretariat.

Conditional compliance

38. In exceptional circumstances, a **conditional** compliance assessment outcome can be justified for either forward and/or backward-looking compliance in the following circumstances, among others:
- Misalignment between Global Fund grant lifecycle and the country budget / fiscal cycle such that only partially verified information is available for compliance assessment;
 - The commitment letter is complete but not yet signed; and/or
 - Governmental changes or force majeure events at the country level do not allow for the completion of compliance assessments in a timely manner.
39. If a country and/or a disease component is assessed as conditionally compliant, grant conditions must be included in the grant confirmation specifying what the country must do or submit and by when to be assessed as compliant. The country does not have access to the co-financing incentive during a conditionally compliant determination.

B.4. Recommend and decide on compliance assessment actions (if applicable)

40. Where a country is assessed as non-compliant, the Secretariat can:
- Modify or withhold a disbursement from the existing allocation (see the [OPN on Make Annual Funding and Disbursement Decisions](#) and Section C.3 below).
 - Reduce grant funds from the existing allocation in accordance with the funding reduction revision process outlined in the [OPN on Revise Grants](#). Any funding reduction must be approved by Head, GMD, with CFO no-objection.
 - Deduct grant funds from the upcoming allocation (where available) if, for example, programmatic or assessment timeline reasons, applying (a) or (b) to the existing allocation is not considered appropriate in the Secretariat's sole discretion. Any funding reduction must be approved by Head, GMD with CFO no objection and brought to their attention as soon as possible to allow adjustments to the grants ahead of GAC review and approval of the final grant(s).
 - Request a full or partial waiver in accordance with paragraph 16 above.
41. Any withholding or reduction at 40(a) – (c) is up to the amount of the co-financing incentive and proportional to the non-realization of the additional co-financing requirements. Proposed actions must be appropriately justified (including by reference to any new / additional commitments made by the Host Country).

Compliance Actions for Backward Looking Compliance:

42. When deciding on non-compliance actions for backward-looking compliance, the Secretariat considers the extent the country has realized the co-financing commitments in the commitment letter, any programmatic impacts from the non-realization of co-financing commitments (particularly commitments

²⁸ Commitments are made in line with the implementation period for the relevant grants.

²⁹ Commitments are made in line with the implementation period for the relevant grants.

to finance specific programmatic interventions), and whether the country has realized the total minimum financial requirements.

43. If there are limited programmatic impacts of non-realization and the country has realized the STC policy-stipulated total minimum financial requirements, the Secretariat can decide, at its sole discretion, not to apply non-compliance actions.

B.5. Communicate compliance outcomes and co-financing decisions

44. **Grant-making final review form (GMFRF):** The co-financing section of the GMFRF summarizes the outcomes of the Secretariat's compliance assessment, including actions taken if applicable. All recommendations related to co-financing compliance and actions at Grant-making are reviewed by the GAC. By recommending the grant for approval, the GAC is also recommending to the Board the compliance assessment on co-financing.
45. **Grant confirmation:** Co-financing requirements must be incorporated into the relevant grant confirmation. These include, but are not limited to:
- a. A generic requirement for the PR or host country to be accountable for complying with STC Policy and co-financing requirements;
 - b. The co-financing commitments and reporting schedule described in the final and signed commitment letter; and
 - c. An acknowledgement that grant funds can be reduced in the event of non-compliance.
46. If applicable and only in exceptional circumstances, the grant confirmation can allow for the commitment letter to be submitted up to 6 months after the implementation period start date.
47. Compliance outcomes and co-financing decisions are communicated in writing to the PR, CCM and relevant government stakeholders. This includes, but is not limited to: the final and signed commitment letter; whether a waiver of co-financing requirements has been approved; whether any compliance assessment actions have been or will be applied; and risk mitigating actions and/or management actions related to co-financing implementation.
48. Co-financing decisions and recommendations for grants are included in the GAC reports recommending grants for approval by the Board. This includes, among others, the focus of co-financing commitments, whether the country has complied with their co-financing requirements for the existing and upcoming allocation periods, and any risks associated with the realization of co-financing requirements.

C. Grant Implementation

C.1. Finalizing compliance during grant implementation (if applicable)

49. Upon the grant confirmation requirement's deadline, the Secretariat undertakes a compliance assessment and the options are (i) compliant or (ii) non-compliant. If non-compliant, compliance actions, extension of deadline in exceptional circumstances, or waiver is considered.
50. The GAC is formally notified once the Secretariat has assessed compliance and decided on compliance assessment actions (if applicable). The outcome is included in the GAC reports recommending grants for approval by the Board³⁰.
51. As needed, the Secretariat will communicate in writing updates to compliance outcomes to the PR, CCM and relevant government stakeholders.
52. *Final and Transition Grants:* For countries receiving their final and/or transition grants, the assessment is undertaken as a standalone exercise at the end of the penultimate year of implementation and before the final annual funding decision/disbursement. If the country is assessed as non-compliant, and the

³⁰ Documents for this process are standardized and include a form explaining the original compliance assessment and the changes that have led to the updated compliance assessment. These are submitted to the GAC.

Secretariat decides to implement a grant reduction in line with the standard guidance in this OPN, then the amount of the grant reduction will be applied to the final annual funding decision/disbursement.

C.2. Support ongoing dialogue and monitor co-financing progress

53. During grant implementation, the Secretariat engages in ongoing dialogue with countries on co-financing, domestic resource mobilization and financial sustainability. This includes:
- Actions to support public financial management (PFM) and health financing systems capacity building, which are critical to supporting proper budgeting, execution and monitoring;
 - Building relationships with relevant stakeholders in the Ministry of Finance and budget authorities to facilitate quality and timely reporting on co-financing commitments; and
 - Identification and provision of technical assistance (including aligned with partners) or support which enhances the ability of countries to fulfil the Global Fund's co-financing requirements and achieve financial sustainability objectives.
54. **Monitoring of co-financing commitments:** PRs, with the support of CCMs and inputs from relevant government stakeholders, are expected to report on progress against co-financing commitments each year.
- The specific PR who will support co-financing monitoring and reporting is identified by the CCM (in coordination with the Secretariat) at the beginning of the allocation period;
 - The Secretariat can develop an alternative plan for co-financing monitoring where it is impractical for any of the PRs in a particular country to support co-financing monitoring and reporting (e.g., specific non-government PRs);³¹
 - Reporting timelines are aligned with the timelines agreed in the commitment letter, wherever possible. In addition, the Secretariat schedules standard requests for reporting in alignment with other reporting processes (such as PUDRs) whenever possible;
 - CCMs maintain an active oversight and advocacy role for the monitoring of co-financing commitments, including supporting reporting wherever needed; and
 - Supporting evidence is submitted, where relevant, to substantiate the reporting from the PR.³²

C.3. Withholding disbursements (if applicable)

55. At any point during grant implementation, the Secretariat can modify or postpone a disbursement if the country fails to fulfil a grant requirement related to co-financing, fails to fulfil a reporting timeline, or is under-performing against the co-financing requirements.
- The [OPN on Annual Funding and Disbursement Decisions](#) describes the policy and processes related to modifying or postponing disbursements.
 - The decision to modify or postpone a disbursement must be communicated to the PR and CCM through a Performance Letter signed by the Head, Grant Financial Management and Regional Manager / Department Head, GMD, specifying the rationale and requirements for release, as applicable.
56. The total value of withheld disbursements during grant implementation for a country must not exceed the amount of the co-financing incentive.

C.4. Approve revisions to commitments (if applicable)

57. During grant implementation, countries are exceptionally permitted to revise commitments with the approval of the Secretariat. This can be for a variety of reasons, including, among others: (a) the Secretariat and countries determine that the original commitments are not supported by sufficient data / evidence; (b) there is a significant change in the country's economic situation; and/or (c) there is a significant change in the other external financing supporting a country which requires adjustments in

³¹ This can include direct engagement with the country government on co-financing reporting.

³² For Focused portfolios, the requirements for supporting evidence are differentiated in line with efforts to streamline reporting in Focused portfolios.

co-financing commitments to fill specific programmatic gaps, etc. All revisions must be documented in the form of a revised CL or formal letter agreed with the Secretariat explaining the revisions.

58. If a CL revision results in commitments which are not in line with the co-financing requirements, this must be approved as a waiver and/or partial waiver. If no partial or full waiver is required, Grant Management Regional Manager / Department Head approval of revised commitments is sufficient.
59. Once approved, any consequent amendments to the grant confirmation co-financing requirement are done through an Implementation Letter.
60. The GAC and Board are notified of revisions to commitments, through regular GAC reporting to the Board.

Specific Multicountry Considerations and other Exemptions

61. Multicountry grants refer to:
 - a. Grants financed through pooled country allocations;
 - b. Regional grants financed solely through the Catalytic Investments; and
 - c. Regional grants financed through a combination of pooled country allocations and Catalytic Investments.
62. Per the STC Policy, multicountry grants composed entirely of catalytic investments are **exempt** from the co-financing requirements described in the policy and this OPN. Multicountry grants at 61 (a) and (c) above have co-financing requirements that apply to each country included in these grants.
63. Prior to the distribution of allocation letters, the Secretariat will identify and finalize the list of multicountry grants which are subject to co-financing requirements and which multicountry grants are exempt.
64. Additionally, non-CCM portfolios are exempt from co-financing requirements.

Specific Considerations for Results-Based Financing

65. Unless specifically approved by the GAC, all grants under RBF modalities are subject to co-financing requirements. The specific focus of the co-financing commitments can be tailored to fit the RBF modalities, as outlined in Annex 1b (forthcoming).

Annex 1a. Co-financing Deliverables by Portfolio Category

1. The table below defines the differentiated co-financing deliverables for each portfolio category (High Impact, Core and Focused) and for Focused portfolio management models (Aligned, Targeted, Light) for country and multi-country portfolios (if applicable). Details on specific differentiation within each deliverable are captured below.

Co-financing Deliverables		Requirement by Portfolio Category			Differentiation for Focused portfolios and/or Differentiation for final transition grants	
		High Impact & Core	Focused			
			A	T	L	
Funding Request	Define and communicate co-financing requirements					
	Allocation letter co-financing section	R				Final Transition Grants: Standard co-financing total minimum requirements are calculated by adding the previous grant cycle's co-financing realization to the additional minimum requirement for the current grant cycle. For transition grants, co-financing requirements will not include the previous grant cycle's co-financing realization. It will only include the 'additional' minimum requirement for the current grant cycle established in the allocation letter. In practice, this means that Secretariat will not require a baseline in all cases to be established to track total co-financing requirements in the commitment letter. ³³
	Country Dialogue on co-financing requirements					
	Funding Landscape Table	R ^a	-	R ^{a,34}		For Focused: Separate template where it is only required to include aggregate backward-looking disease expenditure. All other sections and use of the FLT in Focused portfolios are optional. There can be some situations where the Secretariat only negotiated specific programmatic commitments for co-financing, and in those places will align the use of the FLT with the unique country context.
	Co-financing evidence Secretariat Briefing Note co-financing section	R ^a BP ^a				
Grant - maki	Formalize co-financing commitments					
	Co-Financing online form Commitment letter (CL)	R R ^b				For Focused:

³³ For countries whose portfolio includes components that will transition in GC8 alongside components that will transition in later grant cycles, this approach is not applied for the components transitioning in GC8.

³⁴ Focused portfolios are only required to complete the Disease gap overview table for the previous allocation period. The rest of the FLT template is optional.

			<p>Signatory authority: A signature from the Ministry of Health or other relevant government authority is sufficient. Sign off by the MOF is considered best practice.</p> <p>Supporting evidence: Not required to submit additional evidence (beyond CL) to substantiate forward-looking commitments.</p> <p>Final Transition Grants: The Global Fund strongly encourages disaggregation by year of programmatic commitments in final transition grants.</p>
Assess co-financing risk			
Health Finance risk assessment and mitigating actions for co-financing	R	-	For Focused: No requirements to assess co-financing risk or develop and monitor mitigating actions. CTs can assess risk and monitor on a case-by-case basis where it is deemed necessary.
Assess compliance with co-financing requirements			
Co-financing compliance assessment	R		For final transition grants: Compliance assessment undertaken at the end of the penultimate year of implementation, before the final annual funding decision/disbursement.
Recommend and decide on compliance assessment actions (if applicable)			
Recommendation for non-compliance actions	<i>If applicable, then R</i>		
Communicate compliance outcomes and co-financing decisions			
Grant-making final review form co-financing section			
Grant confirmation co-financing requirements	R ^a		For UMICs or U-LMICs: Government health expenditure requirements are not applicable.
Performance letter co-financing section			
GAC report to the Board co-financing section	R		
Finalizing compliance during grant implementation (if applicable)			
GAC co-financing compliance notification			
Implementation Letter			
Performance Letter co-financing section / communication to country stakeholders		<i>If applicable</i>	
GAC report to the Board co-financing section			
Support ongoing dialogue and monitor co-financing progress			
Annual monitoring of co-financing progress via PR reporting or offline	R ^a		
Mitigating action monitoring via PR reporting	R	-	

	Quarterly review of updates in IRM by second line oversight functions	R	-	
	Withholding disbursements (if applicable)			
	Recommendation to modify or postpone a disbursement	<i>If applicable</i>		
	Approve revisions to commitments (if applicable)			
	Revised CL or letter to Secretariat	<i>If applicable</i>		
	Implementation Letter	<i>If applicable</i>		
	GAC Report to the Board co-financing section	<i>If applicable</i>		

Level of Requirements

R Required
 BP Best Practice
 - Not required

Focused Portfolios

A Aligned
 T Targeted
 L Light

Notes

^a Except countries which are exempt.

^b Except countries which are exempt or have a full waiver (backward-looking and forward-looking) approved.

Annex 1b. Adjustments to Deliverables for RBF Grants

Forthcoming.