

LFA Manual Section C

Funding Request and Grant-making

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Table of Content

C. Funding Request and Grant-making	2
C1 Introduction	2
C1.1 The funding model	3
C1.2 Key processes – from Funding Request to the start of grant implementation	5
C1.3 Overview of LFA services	7
C2 Details of LFA Services	10
C2.1 LFA role and services relating to Country Dialogue	10
C2.2 LFA role and services during the Funding Request Stage	10
C2.4 LFA role and services during Grant-making	12

C. Funding Request and Grant-making

C1 Introduction

This section provides an overview of the types of LFA services which may be requested leading up to the signing of Global Fund grants. It does not replace other available guidance documents on design and review of Funding Requests and Grant-making, which provide a detailed description of the relevant processes and requirements.

It is important to note that LFA involvement in Funding Request and Grant-making-related processes will be tailored on a case-by-case basis, as is generally the case for services provided by LFAs. The tailoring will be based, among other factors, on the country context and risk profile, the available funding level, past experience with implementers and implementation arrangements, and information requirements of the Global Fund Country Team.

As described in [section B of the LFA Manual](#), services requested from the LFA must be included in the annual LFA Work Plan, and the exact scope of work and Level of Effort must be agreed between the Country Team and LFA before the commencement of services.

As is generally the case, when undertaking services related to Funding Request and Grant-making, the LFA must be vigilant to maintain its independence to avoid any real, potential or perceived conflict of interest.

If the LFA identifies any potential fraud or irregular practices, the LFA must follow established Global Fund communication protocols to ensure appropriate escalation. Please refer to [section F of the LFA Manual](#).

It is important for LFAs to be familiar with the latest policies and guidance available on the Global Fund funding model and related processes when performing services. The information provided in the LFA Manual does not substitute the relevant Global Fund policies and guidelines.

- The [Operational Policy Manual](#) outlines policies and agreed approaches for their implementation.
- The Global Fund has dedicated a section of its website to the [Funding Requests and applications modalities](#), providing relevant information for prospective applicants and other interested parties.

C1.1 The funding model

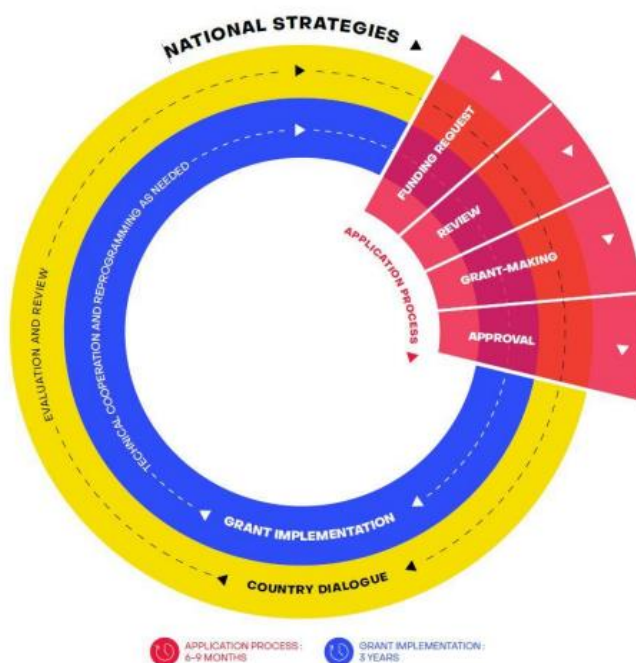
For full details on the processes/requirements described below, please refer to these documents:

- [Operational Policy Note Design Funding Request and Sign Quality Grants](#)
- [Global Fund Funding Model](#)

The funding model is designed to enable the Global Fund to invest its resources most strategically and to achieve maximum global impact by supporting the scale up of interventions and activities to defeat AIDS, tuberculosis (TB) and malaria. It continuously evolves based on new needs, learning and realities and brings together key stakeholders to fight the three diseases, including governments, civil society, people affected by the diseases, technical partners, the private sector and other partners.

The funding cycle runs in three-year periods, known as allocation periods or funding periods, and the application process is repeated each period. Countries apply for funding from the Global Fund through a multistep process and inclusive consultations at the country level. After technical review of the Funding Requests and approval of the designed grant, countries start implementing their grants. Evaluation and oversight continue throughout implementation to monitor progress and performance.

Figure 1: The Funding Request design and review process in the context of the grant life cycle



Whether a country or region is eligible for Global Fund support is determined by their income level and disease burden. More specifically, [eligibility](#) is determined by a country's income classification, as measured by gross national income per capita, and official disease burden classification.

The Global Fund designates most funding to **countries**, while some funding is dedicated to multi-country grants. Applying for funding allocated to countries is the responsibility of the Country Coordinating Mechanism, which is a national committee that includes representatives of all sectors. Through the Country Coordinating Mechanism, each country that receives an allocation submits Funding Requests for eligible disease components on behalf of the country as a whole.

The Global Fund serves the needs of countries, but diseases do not respect borders. Sometimes the most effective solution is one that brings together several countries or regions.

Through multicountry funding, the Global Fund invests in a limited number of critical priorities that are essential to achieving the objectives of the Global Fund Strategy and cannot be effectively addressed through country allocations alone.

At the beginning of every three-year funding cycle, the Global Fund communicates to an eligible country its [allocation](#) through an allocation letter which contains key information to guide the country's Funding Request. It is the maximum amount that a country may receive for its Funding Requests, although [catalytic investments](#) may complement this amount to reinforce areas that are essential to achieve the aims of the Global fund but cannot be addressed through country allocations alone. The Global Fund calculates the allocation funding amount based on a country's disease burden and economic capacity, refined to account for important country-specific factors.

A country's prioritized Funding Request is determined through a process referred to as [country dialogue](#), which is an ongoing and inclusive conversation between different groups of people to develop health strategies to fight the three diseases and strengthen health and community systems. It includes the government, the private sector, civil society, academia, key affected populations and networks and partners and continues throughout the grant life cycle. The Global Fund is an active participant in the country dialogue, but this nationally owned and led process is not Global Fund-specific.

For a Funding Request to be considered by the Global Fund, the Country Coordinating Mechanism must meet six [Country Coordinating Mechanisms Eligibility Requirements](#), two of which are assessed at the time of the Funding Request submission. Requirements 3 through 6 are assessed using the Integrated Performance Framework (IPF), which includes a self-assessment to be carried out by the coordinating mechanism and reviewed by the Global Fund Secretariat on an annual basis.

Rather than providing funding for a separate project, which can lead to fragmentation of efforts and a heavy administrative burden for both countries and donors, the Global Fund encourages countries to base their Funding Requests on their **national strategic plans**. If a country does not yet have a plan for a disease or if the plan is no longer current, countries can base their requests on an investment case.

Under the [Sustainability, Transition & Co-Financing policy](#), all countries are strongly encouraged to strengthen attention to sustainability in their national planning, programs and grant design. Specific co-financing commitments that help address strategic sustainability and/or transition challenges are agreed between the Global Fund and the Grantee during Grant-making. Refer to the [Operational Policy Note on Co-Financing](#) for more details.

Protecting beneficiaries from sexual exploitation, abuse and harassment (SEAH) is an expectation of programs financed by the Global Fund. At the Funding Request stage, the Global Fund recommends that all applicants identify and mitigate program-related risk(s) of SEAH. Refer to the [SEAH requirements](#) for more details.

In Grant Cycle 8 (GC8), the Global Fund emphasizes strategic shifts to support sustainable program design and prepare for effective transitions towards increased self-reliance. More information is available [here](#) and in this [summary note on key changes in GC8 Funding Request and Grant-making](#).

C1.2 Key processes – from Funding Request to the start of grant implementation

An application for funding takes the form of a Funding Request which is typically submitted by a Country Coordinating Mechanism and reviewed by the Technical Review Panel, which is an independent panel of international experts. Based on the Technical Review Panel's review and recommendations, the Global Fund Secretariat engages with the nominated Principal Recipient(s) in a Grant-making process to translate the recommended Funding Request into disbursement-ready and implementation-ready grants. The final grants are reviewed by the Grant Approvals Committee¹ before being presented for approval by the Global Fund Board.

Design Funding Request

Using the relevant national strategic plan and country dialogue as the basis, a Country Coordinating Mechanism develops a prioritized Funding Request, which is the plan for how the country would use the allocated funds if approved. A Funding Request may be for HIV, TB, malaria and/or resilient and sustainable systems for health and can also be combined. Under GC8 multiple application approaches and submission pathways exist. Refer [here](#) for more information.

When **developing the Funding Request**, applicants should be mindful of a number of elements, such as alignment with national strategies, nomination of the principal recipient(s), compliance with sustainability, transition and co-financing policy and requirements, resilient and sustainable systems for health, and others. Only one Funding Request may be submitted per eligible component. A request can be submitted to a review window which allows sufficient lead time for the completion of the Funding Request review and Grant-making prior to the end date of the existing implementation period. Refer [here](#) for more information.

¹ The Grant Approvals Committee is a committee of senior management at the Global Fund, as well as representatives of technical, bilateral and multilateral partners.

Review Funding Request

To ensure applications are complete and applicants are compliant with the Country Coordinating Mechanisms Eligibility, where relevant, and that Funding Requests are recommended for funding based on technical merit, the Global Fund Secretariat and the **Technical Review Panel** screen and review the applications for completeness, compliance with Country Coordinating Mechanism eligibility requirements and technical soundness, respectively. The Technical Review Panel may ask for changes in an iterated submission or make recommendations for improvement. Refer [here](#) for more information on the Technical Review Panel.

Make Grants

The Funding Request recommended by the Technical Review Panel is translated into one or more grants through a process called **Grant-making**. The Principal Recipient, Country Coordinating Mechanism and the Global Fund Country Team, assisted by the LFA as required, work together to negotiate and finalize grant documents, address clarifications from the Technical Review Panel, identify residual risks and mitigating actions and address critical issues/requirements for the first annual funding decision and disbursements. The aim is to achieve a **disbursement-ready grant** for submission to the Grant Approvals Committee. Refer [here](#) for more information on Grant-making.

Before signing a grant agreement with a Principal Recipient, the Global Fund ensures that the proposed implementation arrangements, systems and capacities are adequate for effective management of the grant funds with the aim of achieving maximum impact against the three diseases. The Global Fund may request the completion of a tailored **capacity assessment** of the nominated Principal Recipient. Based on the results of the assessment, the Global Fund may propose capacity strengthening and mitigating measures for identified capacity gaps and risks, or changes to implementation arrangements. Please refer [here](#) for information on the capacity assessment.

Approve Grants

A grant must be **disbursement-ready** before it is submitted to the Grant Approvals Committee for recommendation and the Global Fund Board for approval. This means all required grant documents are in their final form and agreed with the Principal Recipient, adequate risk mitigation measures have been put in place, and all critical issues to be resolved before first disbursement have been addressed. The Grant Approvals Committee will either decide to recommend the proposed grant for Board approval, return the proposed grant back for revisions or, where changes between the Funding Request and the final grant are considered material, refer the proposed grant back to the Technical Review Panel.

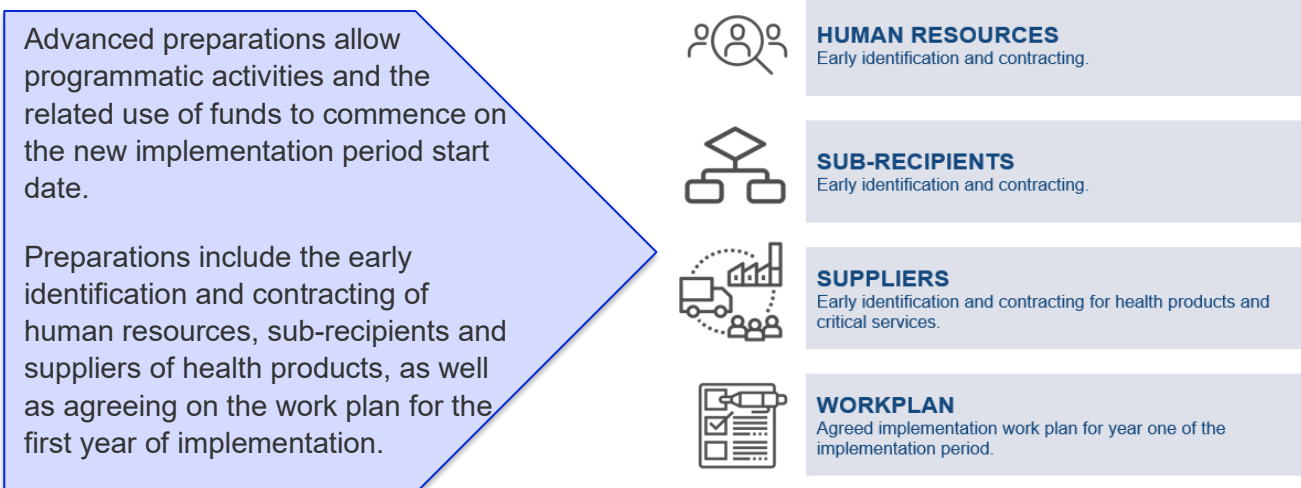
The Global Fund Board approves the final amount for the disease component and the scope of interventions and investments negotiated by the Global Fund. Each grant agreement is signed as soon as possible after Board approval; following which the disbursement of funds and grant implementation begins.

Prepare for Implementation

Grants should be **implementation-ready** at the implementation period start date. As required, the Global Fund may request the LFA to conduct a tailored implementation readiness assessment to determine the overall status of implementation readiness of each grant. If implementation readiness is not achieved, the Global Fund Country Team and the Principal Recipient define time-bound mitigating actions to address the outstanding issues.

After the Grant Confirmation is signed the processing of the first annual funding decision and disbursement is completed. The first disbursement release is based on cash requirements in line with the approved budget. See the [Operational Policy Note Make Annual Funding and Disbursements Decisions](#) for more information.

Implementation readiness supports the achievement of grant targets and absorption of the predefined budget



C1.3 Overview of LFA services

During the Funding Request and Grant-making stages, LFAs are key partners of the Global Fund Country Teams to ensure that the Global Fund signs grants that are well-designed, implementation-ready and have feasible operational arrangements. Prior to starting their work, LFAs need to plan and agree with their Global Fund Country Teams the required LFA scope of work, resources and Level of Effort to ensure that the LFA engagement is tailored to the specific portfolio context and needs. The Country Team and LFA should also agree on the timeline and format to report the LFAs findings and recommendations.

To add value effectively, **LFAs are strongly encouraged to engage from the start of the Funding Request stage** — including in country dialogue — to help **address operational design issues before the Funding Request is reviewed by the TRP**, and identify gaps and risks early for timely action.

For portfolios where past delivery indicates scope for improvement, LFAs are encouraged to assess the implementation arrangements anticipated for the new grant(s). This assessment should be conducted as early as possible to provide timely insights and allow sufficient time for other related LFA reviews during Grant-making.

Throughout their work during the Funding Request and Grant-making stages, LFAs should **flag operational challenges/risks** to the Global Fund Country Team **as early as possible** and propose effective mitigating actions.

The Global Fund Country Team should facilitate the work of the LFA by ensuring that they involve/copy the LFA in all relevant communications between the Country Team, Country Coordinating Mechanism, Principal Recipient and/or Partners.

The agreed LFA services and deliverables must comply with the quality and performance expectations of the Global Fund. For information, please refer to the [key principles and best practices for LFA service delivery](#).

LFAs flag operational challenges, bottlenecks and risks to Global Fund Country Team as early as possible and propose actionable mitigating measures:

Global Fund Country Teams involve/copy LFAs in all key communications.

During the Fund Request Stage, LFAs may be requested to:

1. Participate in integrated Funding Request and Grant-making planning to define deliverables, activities and timelines to ensure **implementation-readiness**.
2. Review robustness/operational feasibility of grant design.
3. Highlight risks of non-delivery on grant objectives.
4. Review feasibility of proposed implementation arrangements, flagging operational challenges and contextual information which may impact implementation.

During Grant-making, LFAs may be requested to:

Continue reviewing whether grants are well designed, including proposed implementation arrangements, work plans and budgets and systems to report results and identify capacity gaps, residual risks and recommend mitigating actions.

As required, LFA may:

1. Participate in the Grant-making planning to define deliverables, activities, and timelines to ensure implementation-readiness.
2. Complete capacity assessment to ensure adequate implementer capacities and systems to implement the grant.
3. Review grant documents (Budget, Performance Framework, Health Product Management Template, and others).
4. Comment on adequacy and feasibility of country's responses to Technical Review Panel.
5. Review new or updated Implementation Arrangements Map (if applicable).
6. Review updated Programmatic Gap Table(s), Funding Landscape Table and M&E Plan.
7. Review grant entity data (data/information the Global Fund requires to process grant documentation and disbursements).
8. Review advance payment requests (if applicable).
9. Review implementation-readiness of grants (PR human resource, sub-recipient and key supplier selection and contracting).

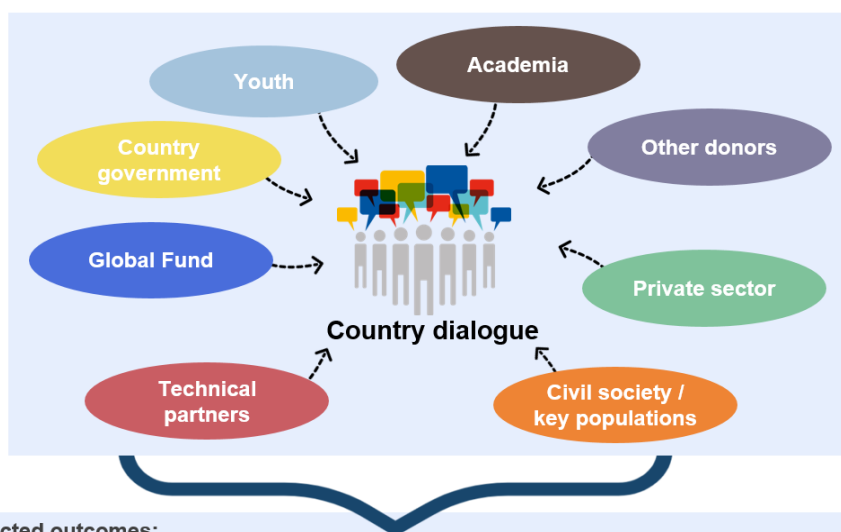
Country Dialogue
Attend (as agreed with CT) key discussions / meetings and brief Country Team on issues/risks.

C2 Details of LFA Services

C2.1 LFA role and services relating to Country Dialogue

The Global Fund Country Team may request the LFA to attend key meetings/discussions as an observer based on clear Terms of Reference to ensure the LFA's independence is safeguarded.² The aim is to keep the Global Fund Country Team informed and alert it to pertinent discussions/issues/risks which may require the Country Team's attention and/or follow-up.

Country dialogue and LFA role



LFA Role & expected outcomes:

- 1 Attend key discussion/meetings as observer, ensuring independence of LFA role, and brief Global Fund Country Team on pertinent issues/risks and matters which require the Global Fund's attention and follow-up.
- 2 Advise Global Fund Country Team whether country dialogue, funding request development and grant making are inclusive, transparent and the right stakeholders are consulted.

C2.2 LFA role and services during the Funding Request Stage

For full details on the processes/requirements, please refer to these documents:

- [Operational Policy Note Design Funding Request and Sign Quality Grants](#)
- [Global Fund website](#)

The LFA does **NOT** participate in or advise the **Country Coordinating Mechanism** on the development of the Funding Request. However, based on the LFA's experience and knowledge of

² The LFA should not be part of defining any aspects of the grant that they will later be requested to assess.

the country context, system capacities and implementation challenges, the **LFA may be requested to:**

1. Assist the Global Fund Country Team, as required, with integrated planning of the end-to-end Funding Request and Grant-making process and deliverables to ensure grants are implementation-ready at the implementation period start date.
2. Comment on the content and robustness of the assumptions used in the Funding Request.
3. Highlight risks of non-delivery on grant objectives and how they could be addressed. This is key for ensuring an adequate grant design for effective implementation.
4. Review the feasibility of the grant design, including the proposed implementation arrangements and flag operational challenges and risks to the Global Fund Country Team.

When **reviewing the grant design**, the LFA should flag potential bottlenecks/risk to the Global Fund Country Team, including the following:

- **Feasibility and phasing/chronology** of activities and budget when reviewing work plan, budget and Performance Framework;
- **Adequacy of proposed implementation arrangements**/service delivery mechanisms;
- Check **key operational drivers/enablers** are in place/planned for (e.g., policies, guidelines);
- Identify **implementation efficiencies** (e.g., synergies with partner investments, savings across disease programs, and others);
- **Adequacy of governance and oversight arrangements** (especially for cross-sector interventions, e.g., focusing on adolescent girls and young women (AGYW));
- **Feasibility of systems to report results** from all levels and across all types of implementers.

In addition, LFAs should:

5. Provide contextual information and advise the Global Fund Country Team on issues that may impact the operational feasibility of grant implementation.
 - For example, information related to legislation or changes in the health sector that could affect implementation, the political context of the country, and others.
6. Advise the Global Fund Country Team on whether the Funding Request development process is inclusive, and the right stakeholders are consulted.
 - For example, for the management of malaria using community structures, the LFA may check whether the department of the Ministry of Health that manages community health workers is involved, as opposed to only consulting with the National Malaria Program which typically covers delivery of services through the public health system.
7. If requested by the Global Fund Country Team, attend key discussions/meetings as observers and brief the Global Fund Country Team on pertinent issues and risks that require follow-up and action by the Global Fund.

The aim of the LFA services during the Funding Request stage is to support the Global Fund Country Team through **early identification of issues for timely rectification** to ensure the operational

feasibility of the proposed grant design and implementation arrangements. An early involvement of the LFA in the process also helps to inform value adding LFA work during the next stage — Grant-making.

To facilitate the work of the LFA, the Global Fund Country Team should consistently involve/copy the LFA in its discussions with the Country Coordinating Mechanism, Principal Recipient and partners. Before the LFA services begin, the Global Fund Country Team and the LFA should agree on clear Terms of References/scope of work/priorities and focus of the review, including which of the Funding Request documents the LFA should review and comment on.

C2.3 LFA role and services during Grant-making

For full details on the processes/requirements, please refer to these documents:

- [Operational Policy Note Design Funding Request and Sign Quality Grants](#)
- [LFA tools and guidelines](#)
- [Global Fund website](#)

During Grant-making, LFAs:

Continue reviewing whether programs are well designed, including proposed implementation arrangements, work plans and budgets and systems to report results and identify capacity gaps, residual risks and recommend mitigating actions. As required, LFAs may be requested to:

1. Complete a tailored capacity assessment to ensure adequate implementer capacities and systems to implement the grant;
2. Review grant documents (Budget, Performance Framework, Health Product Management Template, and others);
3. Comment on adequacy and feasibility of country's responses to Technical Review Panel;
4. Review new or updated Implementation Arrangements Map; Programmatic Gap Table(s), Funding Landscape Table and M&E Plan (if applicable);
5. Review grant entity data (data/information the Global Fund requires to process grant documentation and disbursements);
6. Review advance payment requests (if applicable);
7. Review implementation-readiness of grants (PR human resource, sub-recipient and key supplier selection and contracting)

1. Implementer Capacity Assessment

For full details on the processes/requirements of the Capacity Assessment, please refer to this document: [Local Fund Agents Instructions: Principal Recipient Capacity Assessment](#)

The LFA may be requested to undertake a tailored assessment of the principal recipient's capacities and systems.

The Global Fund Country Team will determine, in consultation with the LFA, the specific areas for which it would like the LFA to provide an assessment, and agree the timing, scope of work and Level

of Effort. The scope of the assessment is tailored to the type of implementer, its role in the program and existing assessment and information.

2. Review Grant Documents

For full details on the budget review requirements, please refer to these documents: [Local Fund Agent Detailed Budget Review and Recommendation Form](#)

Grant documents such as the Budget, Performance Framework, Health Product Management Template are developed by the Principal Recipient and reviewed by the LFA (as requested) and the Global Fund Country Team in an iterative manner. LFAs have a key role to play in reviewing the grant documents and advising the Global Fund Country Team to ensure that the final documents are:

- Accurate and clear to ensure quality and timely implementation, monitoring and reporting for the next Implementation Period;
- Aligned with the Funding Request that has been reviewed and recommended by the Technical Review Panel (including required clarifications);
- Aligned and consistent with one another (especially the key documents being the Performance Framework, Budget, Health Product Management Template and Grant Confirmation); and
- Compliant with relevant Global Fund policies, guidelines and templates as applicable.

3. Review country's responses to Technical Review Panel

As required and agreed with the Global Fund Country Team, the LFA may be requested to review the country's responses to the Technical Review Panel's request for clarifications for adequacy and feasibility.

4. Review new or updated Implementation Arrangements Map; Programmatic Gap Table(s), Funding Landscape Table and M&E Plan (if applicable)

The Global Fund Country Team may, as required, request the LFA to input in the review of one or any of the above-mentioned items. The review of the Implementation Arrangements Map may be required as part of the LFAs review of whether the implementation arrangements are adequate, feasible and effective.

When **reviewing implementation arrangements**, the LFA verifies and flags potential bottlenecks/risk to the Global Fund Country Team, related to the following:

- **Roles and responsibilities clearly defined** according to respective areas of strengths.
- Implementers have **adequate capacities** to perform their roles effectively.
- **Adequate human resources** (numbers and expertise).
- **Effective planning, coordination among implementers** and implementation oversight.
- **Dependencies between different grant actors/implementers** do not create bottlenecks for implementation.
- Ownership and **buy-in from key stakeholders**, e.g., government/MoH for critical grant components.

- **Grant management systems** facilitate timely implementation (e.g., check for bottlenecks such as unnecessary bureaucracy/over-lengthy procurement processes, inefficient financial management and accounting systems).

5. Review Grant Entity Data

Grant Entity Data (GED) includes data and information required to successfully process grant documentation and disbursements. The LFA may be requested by the Country Team to perform a verification of the Principal Recipient core data and bank account details according to the [templates](#) provided by the Global Fund on the [LFA website](#).

6. Review Advance Payment Request

To support PRs in completing Grant-making with minimal delay and ensure implementation readiness, certain expenditures may be financed prior to the signing of the Grant Confirmation, subject to the conditions detailed in Annex 3 of the [Operational Policy Note Design Funding Request and Sign Quality Grants](#). The Global Fund Country Team may request the LFA to review the Principal Recipient's request for advance payments.

7. Review implementation readiness prior to the start of implementation

Implementation readiness by the grant start date supports the timely implementation and continuation of programmatic activities. For information on the elements of Implementation Readiness, please refer [here](#).

The Global Fund Country Team may request the LFA to identify potential bottlenecks/risks for achieving implementation readiness of each grant. This information will assist the Global Fund to take the necessary actions during Grant-making to mitigate the risks.