

## GUIDELINES FOR CCM FUNDING

### Overview

1. In recognition of the important role of Country Coordinating Mechanisms<sup>1</sup> ('CCMs') in the Global Fund architecture (including their central role in proposal development, submission and grant oversight)<sup>2</sup>, the Board at its Twentieth meeting in November 2009, approved the revision of the CCM funding policy.
2. The pool of funds established to finance CCM costs through a direct line item in the Global Fund Secretariat's budget allows CCMs to apply for funding to cover eligible costs for a three-year period.
3. This policy aims to improve CCM performance. It promotes strategic planning, performance measurement and strengthening.

### Eligibility

4. CCMs (or other bodies<sup>3</sup> that meet the CCM eligibility requirements and minimum standards and have taken on the role and function of the CCM) may receive funding as long as there is at least one active grant under implementation. A grant is considered active from the approval of a funding proposal through to the end of the grant closure period.
5. CCMs must commit to use Global Fund funding solely for the purpose described in the funding request and in accordance with the approved budget. Material changes<sup>4</sup> to the budget will require Global Fund approval.
6. In cases where the CCM is not a legal entity, it is mandatory that the CCM designate a legal entity to provide the commitment referred to in paragraph 5 above, and to be accountable for the use and the management of the CCM funding. The capacity of this entity to manage funds needs to be satisfactory to the Global Fund. This commitment will be documented in a funding agreement and be signed by an authorized representative of the CCM.
7. CCMs or Principal Recipients may not draw directly from approved grant funds to support CCM costs.

### Parameters for CCM Funding

8. CCM funding requests may cover eligible costs for a three-year period. For requests exceeding a total three-year budget of USD 300,000, the CCM must demonstrate that it has

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<sup>1</sup> For the purposes of this policy, the term Country Coordinating Mechanisms or "CCMs" includes regional CCMs and sub-CCMs. Regional Coordinating Mechanisms ("RCMs") and Sub-CCMs will be treated as separate from the CCM for the country or countries in which they operate for the purposes of applying for, receiving and using CCM funding.

<sup>2</sup> As outlined in the Global Fund's Fiduciary Arrangements for Grant Participants.

<sup>3</sup> CCM funding will be formalized through the signing of one agreement per country. The agreement will be signed between the Global Fund and one national entity, either the CCM directly or a national body doing work on behalf of the CCM.

<sup>4</sup> 'Material' is defined as 10% of a budget line at the activity level.

mobilized at least 20% of the amount that exceeds USD 300,000 from sources other than the Global Fund for the same period.

9. Funding requests may be submitted every three year period without an application deadline. There is no limit to the number of times a CCM may apply for funding as long as there is at least one active grant under implementation.
10. Based on the disbursed amount for three preceeding years, an envelope of funding is determined taking into account an average disbursed amount for each CCM (the “Funding Envelope”). For new CCM the Funding Envelope shall be determined on case by case basis taking into account CCM Performance Framework indicators as well as the number of the active grants, the Funding Envelope for CCMs operating in similar circumstances and regions. The Funding Envelope shall be communicated to each CCM two months before the end of the term of the existing CCM Funding Agreement or prior to submission of funding request for new CCMs/RCMs.
11. The period covered by a new funding request shall not overlap with periods for which the Global Fund is already providing CCM funding.
12. CCMs shall maintain accounting books, records and any documents relevant to the CCM funding for audit purposes.
13. The Global Fund may decide to verify the expenditures at its discretion.

### **Documentation Requirements**

CCMs applying for funding must submit the following documents to the Secretariat for three year funding period, as applicable:

14. A funding request form which includes:
  - i. A budget and work plan, describing the activities, implementation periods, budgeted expenditures for the upper ceiling amount as communicated by the Global Fund.
  - ii. Performance Framework setting forth indicators to assess performance of the overall CCM and the CCM Secretariat. The Performance Framework shall include:
    - a. Indicators for CCM: the set of indicators as per the CCM Eligibility Requirements and Minimum Standards as well as custom indicators to assess performance and functioning of the CCM. The standard indicators are set by the Global Fund unilaterally in accordance with the CCM Eligibility Requirements and Minimum Standards. Custom indicators are negotiated with the CCM on a yearly basis. The Global Fund has the right to reduce annual funding amount by up to 20% of per indicator in the event of non-compliance by CCM to CCM performance indicators. Such reduction may be cumulative over the 3-year period in the event if the CCM does not comply with more than one indicator and/or continues to default on indicator(s) beyond annual performance period.
    - b. Indicators for CCM Secretariat: CCM Secretariat performance indicators are standard and shall apply to all CCM. The Global Fund has the right to reduce annual funding amount by up to 30% per indicator in the event if the CCM does not comply with the CCM Secretariat performance indicators.

- iii. For amounts exceeding three-year budget of USD 300,000, the CCM will complete the co-payment section of the form and submit supporting documentation showing evidence that at least 20% of the amount exceeding USD 300,000 has been mobilized by other in-country or external partners or pledged. As the CCM funding policy requires co-financing beyond a given threshold, the Global Fund will not approve any funding request without sufficient evidence of co-payment for the first year's budget at a minimum. CCMs with insufficient funding to cover the second year budget in excess of USD 300,000 will be required to mobilize 20% of funds as a pre condition to funding at the time of the second year's disbursement. Co-funding from other sources may only cover eligible costs in the budget.
  - iv. Supporting documentation to be submitted with the funding request shall without limitation include a proof of endorsement of the funding request by all CCM members, CCM Secretariat staff terms of reference and recruitment procedures, and an updated list of CCM members in the Contacts Management System.
15. During implementation, and no later than one month after completion of Year 1 of the funding period, the CCM is required to submit the following documents:
- i. A progress update describing (1) results achieved against intended performance indicators targets; (2) expenditures incurred (broken down by cost category) including an analysis of any variance between items in the costed workplan and actual expenditures.
  - ii. Where applicable, a report on co-payment(s) showing evidence that the pledged amount has been made available to the CCM. Proof of co-payment will determine GF funding level.
16. Upon request from the Global Fund, the CCM shall complete the "CCM Eligibility and Performance Assessment" and submit it to the Global Fund.

### **Eligible Costs for CCM Funding**

17. Eligible costs may include the following items:
- i. **Human Resources.** Only the salaries of CCM Secretariat staff fall under this category.
    - a. Remuneration of staff should be budgeted at the most cost-efficient level to achieve the objectives of the CCM support. CCMs are solely responsible for complying with country's applicable labor and other laws (including without limitation, occupational health and safety, minimum wages, separation payments, social security and health insurance, gratuity, and taxes).
    - b. Staff remuneration should be based on the relevant national remuneration levels, for example, as provided in national or interagency salary frameworks. Remuneration levels in general should be consistent with local market practice to enable sufficiently qualified and experienced staff to be recruited. Remuneration levels which are different from a country's existing levels, i.e. created especially for CCM Secretariat staff, are highly discouraged as they are inconsistent with Global Fund's model and

commitment to the national ownership, aid effectiveness and sustainability of funded programs.

- c. Any exceptions in applying national salary scales should be fully justified by the CCM. The Global Fund will review and approve the remuneration levels during the budget negotiation process. To justify all HR costs, a CCM and/or PR/SR must be able to provide the relevant salary framework and any additional information requested by the Global Fund.

Limitations: (i) CCM funding cannot be used to remunerate CCM members. (ii) Secretariat staff should as a rule not exceed 2 persons, each involved in core CCM support functions. Additional services such as cleaning, security, driving, etc. must be outsourced or contracted out to third parties and classified as 'Overheads' in the budget (iii) At the time of the funding application, the scope of work or the terms of reference for each CCM Secretariat staff member must be submitted along with the CCM funding application. (v) Salaries must be commensurate with the national salary scales for the same or similar positions.

- ii. **Technical Assistance.** Technical Assistance may be used for costs directly related to technical or management assistance to support core CCM functions including constituencies participation (such as civil society, communities, people living with or affected by the diseases, etc.), program oversight and alignment with other national bodies. The technical assistance includes all costs related to a consultancy such as consultant's fees, accommodation, and travel and per- Diem, field visits and any other costs related to program planning and supervision.

Limitations: (i) CCM funding cannot be used for consultancy costs associated with writing of concept notes for Global Fund financing. (ii) Terms of reference for consultants hired by the CCM must include a specific clause prohibiting the writing of concept notes by the consultant hired.

- iii. **Planning and Administration.** This category may include the following costs: (i) CCM general meeting expenses, (ii) travel-related costs for members or invited experts to attend CCM meetings and/or oversight visits and other CCM support costs. (iii) Office supplies/stationery, travel, field visits and other costs directly related to program planning and administration e.g. legal, accounting costs, bank charges, etc.

Limitations: (i) A maximum of 6 general meetings per year should be budgeted as most CCMs meet on a quarterly basis. (ii) Each grant should have at least one field visit per year, but no more than 10 persons attending the oversight field visit. (iv) non-CCM members invited to provide technical inputs should not exceed 20% of the total CCM membership. (iv) No consultancy fees should be included as these costs belong to the Technical Assistance category described above.

- iv. **Other Meeting expenses, Training, Workshops, Consultations.**

This category may include:

- a. training and workshops organization and facilitation
- b. meetings other than CCM general meetings
- b. training and meeting related travel (domestic), including accommodation, training publications.
- c. Constituency consultations for non-governmental constituencies only (e.g. civil society and private sector) and processes to promote and improve the

quality of stakeholder participation, including travel costs and per diems for civil society participation.

Limitations: (i) There should be no more than one constituency meeting per quarter with a maximum of 6 meetings funded per year. (ii) Constituency meetings should not include more than 50 persons participating, with one exception: CCM member elections may require more participants in order to ensure broad, inclusive and transparent processes as outlined in the CCM Guidelines for eligibility. The Global Fund's approval of this exception will be based on country-specific contexts and needs. (iii) Consultancy fees are not included in this category as they belong to the Technical Assistance cost category.

**At least 15% of the annual budget has to be allocated to the category iv.d above in order to facilitate** constituency consultations for non-governmental constituencies only (e.g. civil society and private sector) and to promote and improve the quality of stakeholder participation. The failure to comply with this requirement may result in proportional deduction of unallocated amount from CCM Funding Agreement and corresponding amount for subsequent disbursement.

- v. **Communication materials.** This category may include: printing of materials and communication costs associated with core CCM functions (e.g. costs related to tendering for services, periodic reports of implementation status, minutes of meetings, setting up and maintaining a CCM website, newsletter, translation of key information, printing).
- vi. **Equipment.** This category may cover office furniture and equipment used directly for the purpose of core CCM functions.

Limitations: (i) Vehicle purchase or vehicle long term lease are not eligible costs; (ii) computers, printers, beamers, digital cameras, uninterrupted power supply (UPS) devices, etc. should as a rule not be repurchased from the same funding period (3 years) and should be insured against loss due to negligence, theft, breakdown, etc.

- vii. **Overheads.** These may include costs of running core CCM activities, such as office rent, utilities, internal communication costs (mail, telephone, fax, Internet services), insurance, fuel, security, cleaning. Such costs must be itemized. If the CCM is not a legal entity, detailed assumptions for the management fees of a designated CCM Funding Recipient shall be included in the budget.
- viii. **Other.** Any other costs which do not fall under the above-defined categories. Costs under this category are to be clearly itemized and should be kept to the absolute minimum and will be examined and approved on a case by case basis.

18. Travel and subsistence costs. These include payment for the direct cost of travel (domestic) and the direct cost of expenses to CCM members or CCM Secretariat staff to remain away from home for work directly related to one of the CCM performance areas e.g. site visits, retreats, CCM trainings/workshops. Travel and subsistence costs should be budgeted at the most cost efficient level to achieve the objectives of the CCM:

- i. Transport to the venue should be by the most economical and practical mode of transport.
- ii. Air travel should be kept to a minimum but if required must be restricted to economy class only. The use of discount and web based airfares is encouraged.

- iii. Where private vehicles are used, fuel costs may be reimbursed based on agreed mileage rates set by the Government or as is approved in existing Global Fund grants and consistent with the price of fuel and average fuel consumed based on the distance of the journey.
- iv. Per diems are allowed for CCM members representing civil society and only in the event if participation in that CCM activity results in loss of income.
- v. CCM Secretariat staff may receive per diem in the event if their participation is directly related to one of the CCM performance areas and requires travel outside their locality. Per diem should only be paid for the days that a person attended the workshop or meeting and one night either before or after the event if the participant is expected to arrive either a day before or depart the day after the event. Where meals or accommodation are provided, the amount of the per diem must be reduced accordingly.
- vi. Records must be available to validate the participant's attendance at the workshop or meeting. Claiming a full per diem compliment while partially attending an event is considered as ineligible expenditure and must be returned to the Global Fund upon audit findings.
- vii. Per diem rates and procedures should be benchmarked and consistent with the existing national regulations.

### **Application Process**

19. In order to expedite processing of the funding request, the CCM must ensure that it can enter into such a funding agreement, which largely depends on whether the CCM is a legal entity or not. This is done particularly by ensuring that the CCM or its designated funding recipient has a dedicated bank account to receive funds, has accounting and budgeting systems, and asset management practices that can reliably and transparently track the use of funds. CCMs must also ensure that they will be able to meet all reporting requirements and are in compliance with the terms and conditions of the funding agreement.
20. Requests for the CCM funding request form should be sent electronically to the CCM Hub.
21. In order to ensure the transparency and accountability of funding flows to all stakeholders, all CCM members should participate in the development of the budget, ork plan performance framework as all members must sign the CCM funding request using the template provided in the Contacts Management Site. The sign-off by all CCM members is considered as a demonstration that all stakeholders have had meaningful inputs into the budgetary needs of the CCM and to testify that they are in accord with how CCM funding will meet their needs. The Secretariat will post the funding agreement, including budgets and performance framework on the Global Fund website.

### **Screening and Review Process**

22. In reviewing a request for CCM funding, the Global Fund Secretariat will take into consideration whether the costs to be supported are eligible, reasonable and consistent with national operating costs, including national salary scales. Applicants may be contacted by the Secretariat for clarifications.
23. Funds will be approved for disbursement once all information provided by the CCM has been verified and proven accurate and the CCM funding agreement signed by all parties.
24. Where co-payment is required, at the time of application the CCM must provide evidence that funding has been mobilized. When submitting the annual progress update, the CCM will report on the utilization of co-payment. The proof of co-payment will determine the level

of Global Fund continued funding.

25. The CCM is requested to include in its proposal the arrangements for receipt and accounting for the funds in a transparent manner. Global Fund and the CCM will consult to identify a suitable disbursement arrangement that i) is accountable, transparent and verifiable; and ii) facilitates access to eligible CCM funding by constituencies, and in particular civil society members of the CCM.
26. Disbursements will normally be made annually based on the progress reports received and compliance with the requirements set above including on co-payment.

### **Reporting**

27. CCMs must submit annual reports following the guidance/requirements provided by the Global Fund. These reports should be made available to the Global Fund for review and verification no later than one month after the end of each year of the three-year agreement. The Global Fund will review and verify the reports on performance and expenditures. In addition, this review may be required at time of subsequent CCM Funding requests and prior to the approval of subsequent year's CCM funding application.
28. CCMs are requested to maintain proper activity and financial records for subsequent verification by the Global Fund.
29. Regardless of the CCM Funding Recipient entity, the CCM is solely responsible for the implementation of their work plan and budget use, disbursements and activity reports. Although expected to be actively supported by the CCM Secretariat, the responsibility for CCM funding utilization and reporting lies exclusively with the CCM.
30. In accordance with the standard terms and conditions of the CCM funding agreement, the Global Fund reserves the right to conduct a financial review, audit, forensic audit or evaluation or to take any other action that it deems necessary to ensure accountability in the use of funds.