

UNDP Global Fund and Health Implementation Guidance Manual

- Principal Recipient Start Up –

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1. Overview

The start-up process refers to the set of activities implemented by a UNDP Country Office (CO) when designated as Principal Recipient (PR) for Global Fund projects for the first time. For MC type of grants, this is done in discussions with the Regional Bureaux (RBx).

UNDP assumes the PR role when nominated by the Country Coordinating Mechanism (CCM), or Regional Coordinating Mechanism (RCM) in the context of multi-country grants, – in which case UNDP is often detailed in the funding request, or by Global Fund request due to political instability, insecurity, sanctions or following a crisis when the Additional Safeguard Policy (ASP) is invoked. However, even in these situations, the Global Fund will seek the endorsement of the CCM. The success of the Global Fund model is based on the principles of country ownership and partnership.

When UNDP is nominated as the PR in the funding request, there is adequate time for planning for the start-up; however, if UNDP is asked to assume the PR role during the life of the grant, often the timelines are reduced to ensure there are no interruptions to delivery of critical services. As UNDP assumes the PR role under a variety of circumstances, COs should contact the UNDP Global Fund Partnership and Health Systems Team (GFPHST) for guidance on the process and for support with the development of a transition work plan and budget.

The activities that are undertaken during start-up are designed to facilitate a timely start of grant implementation and prevent any interruption in critical programme activities and services, including delivery of health commodities. During the start-up process additional resources will be required by the CO to undertake preparatory actions and ensure the effective handover from the outgoing PR. To address these additional requirements, a start-up team should be assembled.

Certain conditions should be negotiated with the Global Fund when UNDP assumes s PR role for the first time. Example of these conditions include:

- Adequate resources are allocated by the Local Fund Agent (LFA) and Global Fund to ensure achievement of the agreed timelines for grant signing and transition.
- A clear timeline for the engagement between the Global Fund and UNDP, bearing in mind the country context.
- Timely approval of pre-financing for programme start-up (e.g., human resource costs for the project team, capacity assessments etc).
- If applicable, cooperation on full exchange of information relating to the Office of the Inspector General (OIG) audit and investigation reports, as the information will be critical for the selection and management of Sub-recipients (SRs).

2. Key Start-up Activities

1. Identify CO focal point to lead the implementation of the work plan

Under the supervision and guidance of the Country Office (CO) senior management, a member of the CO shall be designated to lead the implementation of the work plan and grant management arrangements in consultation with the UNDP Global Fund Partnership and Health Systems Team (GFPHST).

2. Assess risk, CO capacity and prepare work plan

When first notified that UNDP is being considered for the Principal Recipient (PR) role, the CO, with support from the UNDP Global Fund Partnership and Health Systems Team (GFPHST), should develop two key preparatory documents: 1) completed risk assessment tool; and 2) start-up/grant-making [work plan](#).

In reviewing the risk, UNDP should send an official request to the Country Coordinating Mechanism (CCM) Secretariat and/or Global Fund Secretariat (depending on who is requesting UNDP as PR) for relevant documents related to the disease programme under previous implementation arrangements. A review of the information available on the Global Fund website should also be conducted, as should informal discussions with other technical partners (e.g., UNAIDS, WHO) who are familiar with the country context.

The work plan will clarify the financial and human resources required to support the start-up and to prepare the grant making documents (i.e., grant budget, performance framework, health product management template) required by the Global Fund for grant signing.

With agreement from the CO, the UNDP GFPHST is available to undertake a mission to meet with the CO, technical partners and government to support with the start-up process and to plan for grant-making.

3. Plan Handover from outgoing PR

When UNDP is taking over from an outgoing PR, the following actions may be required depending on the country context:

1. Obtain information on the in-country supply chain system, programmatic needs (e.g., performance framework targets, latest results, diagnostic and treatment guidelines, planned regimen changes), related lists of pharmaceuticals and other health products, available stocks, existing orders (with funding source), consumption data, regulatory environment, importation requirements, and procurement lead times to inform the implementation arrangements, to assess the risk of stock-out during the period of UNDP's role as PR, and to support the development of the [Health Products Management Template and Health Procurement Action Plan](#) during grant-making.
2. Obtain information on previous grant performance, including Proposal, Technical Review Panel comments, Grant Confirmations, Progress Updates/Disbursement Requests (PU/DRs), and Management Letters/Performance Letters (MLs/PLs), to inform the implementation arrangements. If available on the Global Fund website, any information on challenges during implementation by previous PR (e.g., OIG Report) should also be reviewed.

3. Obtain information on the capacity of the previous PR and Sub-recipients. If available the Global Fund to provide capacity assessments, audit reports.
4. The Global Fund requires that the outgoing PR provides a list of assets (including Sub-recipient (SR) assets) and will approve the disposal of those assets. If the Global Fund requests UNDP take over the ownership of the assets from the previous grants, UNDP shall critically assess the list of assets from the previous PR in order to determine whether the assets meet the asset definition criteria of UNDP.

4. Prepare UNDP project document

Global Fund projects are not exempt from UNDP project arrangement requirements, as defined in the UNDP Programme and Operations Policies and Procedures (POPP).

A draft project document is developed and appraised by a designated Local Project Appraisal Committee (LPAC) as part of the [Design stage of UNDP project management](#). Per UNDP POPP, the draft project document outlines the development challenges and project strategy based on the theory of change, expected outputs in the form of a completed results framework, multi-year work plan, management arrangements, and monitoring and evaluation plan.

The project document needs to be finalized and signed before project activities can begin. Should there be delays in signing the project document, as a last resort, the CO may request an [advance authorization](#). An advance authorization permits the implementing partner (UNDP, in the case of projects implemented under Direct Implementation Modality) to enter into commitments and incur expenditures without delay in accordance with a project document (or substantive revision document) that has been finalized but has not yet been signed by all the parties. An advance authorization is valid for 90 days only. It must be replaced with a fully signed project document (or substantive revision document) within 90 days.

Please refer to UNDP POPP on [Appraise and Approve](#) for further guidance on project documents, their signatories and on advance authorization.

5. Prepare an advance payment mechanism request (if required)

The advance payment mechanism allows the Global Fund to approve a list of expenditures the PR may incur before grant signing. Expenditures agreed between the Global Fund and the PR as part of the approved advance payment mechanism budget and agreement will be reimbursed when the Grant Confirmation has been signed and the first disbursement has been released.

Approved advance payment activities are pre-financed either through:

1. **Advance by the PR or CCM.** The PR or CCM uses its own resources, which will be reimbursed from Grant Funds after the Grant Confirmation is signed; or
2. **Advance by the Global Fund.** A transfer of funds by the Global Fund which will be deducted from Grant Funds after the Grant Confirmation is signed.
3. **PR Financing Agreement:** If the above advance payment mechanisms are not available (e.g. because the PR does not qualify as an eligible PR and/or the activity is not eligible) and the PR is able to finance specific activities from its own funds prior to grant signature, then the Global Fund can issue a PR Financing Agreement to confirm its willingness to reimburse the PR from grant funds, as part of the first AFD, following the signature of the grant. This option is applicable to specific start-up activities such as HR and SR capacity assessments, for which UNDP is not eligible to receive an advance payment. If approved by the GF, the PR must include the approved grant-making /start up activities in the final grant budget. For more details, refer to [the Global Fund Operational Policy Manual](#).

UNDP may request advance payment after TRP recommendation to proceed to grant-making has been received and is responsible for preparing and submitting the advance payment request and supporting documentation. No advance of funds by the Global Fund is permitted prior to approval of such request, nor will any expenditures incurred prior to such approval be reimbursed from Grant Funds. Examples of eligible expenditures for international organization PRs (i.e., UNDP) are limited to early procurement of Health Products to ensure timely programme delivery and avert stock-outs (e.g., bednets for mass distribution campaigns, or medicines for treatment continuity).

The maximum advance payment amount for procurement of health products is equivalent to the planned procurement order amount for the first year based on the approved Health Product Management Template. Pre-allocated expenditures will be verified by the LFA and must be reflected in Quantum.

In cases where resources are required prior to the start of the project (i.e., an advance payment mechanism is needed), a UNDP initiation plan also has to be prepared and approved by the designated LPAC. The purpose of the initiation plan is to allow the creation of a project in Quantum when funding is required (advance payment mechanism) prior to the project start date. Expenditures against advance payment funding will be verified by the Local Fund Agent (LFA) and must be reflected in Quantum. For further guidance, please refer to UNDP POPP on [Appraise and Approve/Development Project](#).



Practice Pointer

COs should first complete and receive Global Fund approval for the Health Products Management Template (HPMT). The amounts included in the HPMT are needed to prepare the advance payment mechanism request. The budget for the advance payment must be endorsed by the CCM and approved by the Global Fund before an agreement for the advance payment mechanism can be signed.



Practice Pointer

Any expenditures incurred by UNDP prior to the approval of the advance payment mechanism will not be reimbursed from grant funds. If for any reason, the grant is not signed, the PR would take sole responsibility for any expenditure incurred.

The Global Fund’s Operational Policy Note on the Advance Payment Mechanism can be found in the [Global Fund Operational Policy Manual](#).

6. Establish start-up team

CO senior management shall put in place a dedicated team for the preparation of the grant-making and agreement signing process. The minimum capacities for the start-up team include programme management, procurement and supply management, finance and monitoring and evaluation. The requirements for the start-up team do, however, vary based on country context and should be properly assessed by the CO in collaboration with the UNDP Global Fund Partnership and Health Systems Team (GFPHST).

Roles and responsibilities of start-up team members should be clarified as soon as the PR role has been assigned to the CO. It is often necessary to utilize existing CO staff time and supervisor approval to allocate time to the start-up should be sought. Surge support can also be secured from

other UNDP COs implementing Global Fund grants and the [GPN Expert Rosters](#). COs often underestimate the time required to fulfil the requirements of the start-up process, so sufficient resources should be availed.

For further guidance on the establishment of the start-up team, please refer to the [human resources section](#) of the Manual.

7. Initiate Emergency Procurement of health products (as required)

Based on planned programmatic activities and estimated stock of key health products at takeover date and procurement lead times, plan emergency procurement, if required.

8. Define PMU structure and terms of reference

A key factor in successful grant implementation is the development of a Project Management Unit (PMU) that has adequate suitability qualified personnel to ensure compliance with the Grant Confirmation and UNDP's corporate agreements with the Global Fund (i.e. capacity building). The structure of and Job Descriptions (JDs) for the PMU are developed during grant start-up. The structure of the PMU should be defined with support with the UNDP Global Fund Partnership and Health Systems Team (GFPHST), with consideration to the following:

1. There is considerable variation in PMU structures both across and within regions, which reflects the diversity of programme activities and level of risk. COs should determine PMU resource needs by viewing the grant in terms of its life cycle, as the structure may vary over time with surges of staff required during peak (e.g., net distribution campaigns as part of a malaria grant).
2. The cost for the PMU (staff; operating costs) should be budgeted in the grant as direct costs for grant management.
3. The establishment of the PMU should start as soon as possible to ensure that the required capacities are in place immediately after Grant Agreement signing.

The JDs for each PMU position should include the core competencies and clearly define the key responsibilities of their respective roles. The UNDP Global Fund Partnership and Health Systems Team (GFPHST) has put together basic TORs detailing the general scope of work of key PMU positions. Please note that these are not to be treated as final and will need to be adapted for programme context and sent to the Office of Human Resources (OHR) for classification. The JDs are available in the [human resources section](#) of the Manual.

9. Plan stakeholder engagement and communications

A communication strategy for the start-up should be developed to ensure regular communication with the Global Fund, CCM, and in-country partners including UN Agencies civil society. The strategy is established to inform on the development of grant-making and establish the needed coordination mechanisms for the implementation of the grants (it is recommended to maintain periodic meetings) and present to the CCM key milestones. These partners also include the CCM and Sub-recipients (SRs).

10. Sub-recipient selection and assessment

While UNDP cannot enter into agreement with SRs before the Grant Confirmation is signed with the Global Fund, the selection and assessment of the SRs as well as drafting of SR grant agreements should take place as early as possible, to avoid delays at the start of the grant. The costs associated with SR selection and assessment should therefore be included in the pre-financing budget, as they take place prior to the grant start date. For guidance on SR selection and assessment please refer to the [Sub-recipient management section](#) of the Manual.

11. Prepare for the establishment of the PMU

The PMU recruitment process occurs after grant signing, as funds have to be secured prior to recruitment process.

For more information, please see the [human resources](#) section of the Manual

12. Grant-making

As defined by the Global Fund, the purpose of grant making is to translate the funding request reviewed and assessed by the Technical Review Panel (TRP) and Grant Approvals Committee (GAC) into disbursement-ready grants for Board approval and signature.

1. complete PR Capacity Assessment Tool (CAT);
2. with the TRP's comments in mind, prepare required grant documents;
3. [implementation arrangement mapping](#);
4. [monitoring and evaluation \(M&E\) plan](#) (If required);
5. [performance framework](#);
6. [detailed budget](#); and
7. [Health product management template \(HPMT\)](#);
8. submit all required documents to the Global Fund, for GAC approval followed by Board approval;
9. submit the [UNDP Confirmation Letter for Signatory Authority - Principal Recipient](#) (Sample UNDP Template for Principal Recipient (PR) confirmation letter for signing legally binding agreements and/or requests for disbursement and/or organization representative for notices) and [UNDP Authorization Letter Partner Portal Submitters](#) (to be signed by an authorized representative of the Entity organization who is accountable and duly authorized to provide the submitted information in this letter. Evidence of the authority of the signatory of this letter shall be provided to the Global Fund upon request);
10. finalize Grant Confirmation for signing.

For more detailed guidance on grant-making, please review to the OPN on grant-making and approval in the [Global Fund Operational Policy Manual](#).

13. Setup PMU office

The start-up team should identify and initiate the rental of office space for the PMU.

14. Transition start-up team

The start-up team is transitioned once key members of the PMU have been recruited.

Resources

- [Transition and Grant Making and Signing Rolling Workplan](#)
- [UNDP POPP Programme and Project Management: Design](#)
- [UNDP POPP Programme and Project Management: Appraise and Approve](#)
- [Global Fund Operational Policy Manual](#)
- [Global Fund Guidelines for Implementation Arrangements Mapping](#)
- [UNDP Confirmation Letter for Signatory Authority - Principal Recipient](#)
- [UNDP Authorization Letter Partner Portal Submitters](#)
- [Asset Management in the Context of Global Fund Grants Guidance \(UNDP, 2013\)](#)