



Independent observer
of the Global Fund

GLOBAL FUND UPDATES POLICY ON BUDGETING FOR SALARIES AND BENEFITS IN GLOBAL FUND GRANTS

Remuneration levels created specifically for Global Fund grants are “highly discouraged”

Salary top-ups are permitted under certain conditions

Salary and benefit levels in Global Fund grants should be based on relevant national remuneration levels and consistent with local market practice, according to Global Fund guidelines on “Budgeting for Human Resource Costs,” last updated on 15 August 2011.

According to the guidelines, remuneration levels that are created especially for Global Fund grants and that are different from existing levels in the country are “highly discouraged” because they are inconsistent with “the Global Fund model” and with the Fund’s commitment to aid effectiveness; and because they risk creating a two-tier remuneration system in the country. Any request to budget for salaries and benefits at levels in excess of the norm in the country must be fully justified.

The Global Fund reviews and approves remuneration levels during grant agreement negotiations with the principal recipient (PR). However, according to the guidelines, country coordinating mechanisms (CCMs) must also ensure that budgets included in proposals to the Global Fund adhere to the guidelines.

The guidelines state that the full cost of salaries may be charged to the Global Fund grant for newly created positions necessary to directly support implementation of Global Fund-financed grant activities.

For positions that are working partially on the Global Fund grant, the costs can be apportioned based on the level of effort required.

The guidelines state “national remuneration levels” can be determined with reference to existing national or inter-agency salary frameworks. Some NGO PRs have expressed concern that, in practice, the Global Fund usually requires that the PR provide information on the government’s salary framework; that many governments are not willing to be that transparent; and that this can lead to long delays in project implementation.

Incentives

According to the guidelines, incentives (also referred to as “salary top-ups”) are permitted. However, they must be based on national practice, must be endorsed by the CCM during the proposal process, and must receive prior approval from the Global Fund during the process of reviewing the budget for the grant.

The guidelines state that incentive payments will only be approved where justification is provided concerning how the payments are linked to the objectives of the grant; where information is provided concerning how such costs will be funded after the expiration of the grant; where there is no conflict of interest between the positions recommending that an incentive be paid and the positions receiving the incentives; and where all incentive payments are paid directly to the relevant employee rather than allocated to a bonus pool.

The guidelines state that four types of incentive payments are permitted:

- Performance-based incentives. These incentives would supplement base salaries for staff “who have a direct and essential influence over grant performance.” Such incentives should not be excessive. As a guide, a maximum limit of 10-20% of base salary should apply. Anything above this level must be justified.
- Retention-based incentives. Such incentives may be payable where there is a high risk of losing key staff which would significantly and adversely affect grant implementation – for example, to retain medical staff in difficult locations or where remuneration is not sufficiently competitive to prevent the risk of significant staff turnover.
- Task-based incentives. This refers to incentives to ensure that specific activities take place, with payment subject to completion of the task – for example, allowances for health workers for the number of patients examined and correctly diagnosed.
- Additional effort-based incentives. Such incentives could apply where staff assume responsibilities for a Global Fund grant that are over and above their existing responsibilities – for example, government employees who continue to work on existing tasks but who take on additional responsibilities and expanded work hours to implement grant activities.

Allowances

The guidelines state that allowances paid outside of the basic salary may be financed by the Global Fund grant if they are part of a country's standard remuneration package. "Allowances" refers to benefits such as pension and social security contributions and health insurance.

The Global Fund's guidelines on "Budgeting for Human Resource Costs" make up Module 5 of the Fund's "Guidelines for Budgeting in Global Fund Grants," available on the Fund's website [here](#).

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