



PERFORMANCE ON 2003 OPERATING EXPENSE BUDGET AND WORK PLAN

Outline:

1. This report provides information on and analysis of the Secretariat's performance on the operating expense budget and work plan for 2003.
2. **Financial Performance**
Part 1 summarizes the Secretariat's financial performance in controlling operating expenses for 2003, highlighting and explaining material variances from budget.
3. **Operational Performance**
Part 2 details the Secretariat's operational performance in 2003, in comparison with the Work Plan.

Note: The draft Audited Financial Statements for 2003 are in Annex 8.

Part 1: Financial Performance in 2003

4. Overview

The overall financial activities of the Global Fund are summarized as follows:

Statement of Activities (Summary)	2002		2003	
	US\$ million		US\$ million	
Income				
Contributions	781.8	98.7%	1,367.7	98.0%
Bank and trust fund income	10.1	1.3%	28.2	2.0%
Total Income	791.9	100%	1,395.9	100%
Expenditure				
Grants	52.0	80.2%	1,063.3	97.1%
Operating expenses	12.8	19.8%	31.8	2.9%
Total Expenditure	64.8	100%	1,095.1	100%
Surplus of Income over Expenditure	727.1		300.9	
Uncommitted funds at start of year	-		727.1	
Uncommitted funds at end of year	727.1		1,028.0	

Observations:

- Operating expenses as a percentage of total expenditure in 2003 has declined significantly in comparison to 2002 (from 18.8% to 2.9%), as grant expenditure increases.
- Grant expenditure represents the amount of grant commitments entered into during the year.
- Bank and trust fund income (\$28.2 million) covers 87% of operating expenses (\$31.8 million).

5. Operating Expenses

Operating expenses in 2003 at \$31.8m were \$7m (or 18%) less than budgeted, due mainly to savings on Local Fund Agent fees for in-country oversight:

Operating Expenses	in US\$ millions	Actual	Budget	Variance	As % of budget
Local Fund Agent fees		10.1	16.4	6.3	38%
Secretariat Expenses		21.7	22.3	0.7	3%
Total Operating Expenses		31.8	38.7	7.0	18%

Note: For budgetary comparison purposes, expenses are stated net of any cost sharing or donation received towards an expense. In 2003, such support for regional meetings of Principal Recipients, office rental, staff costs and consultants' fees amounted to \$0.8 million.

Accordingly, the values in the above tables for Contributions and Operating Expenses are each less than the corresponding values in the audited financial statements by this amount.

6. Comparison of actual with budget

The variances between actual and budgeted operating expenses, analyzed by function and expense, are as follows:

2003 Actual US\$'000	LFA Fees	Staff	Travel & Meetings	Communicat. materials	Professional services	Office infrastructure	Total
In-country Oversight (LFA fees)	10,119						10,119
Secretariat Expenses		9,618	3,530	966	4,697	2,839	21,651
Fund Portfolio Management		3,389	755	17	66	3	4,230
Technical Review Panel		246	164	234	518		1,161
Strategy, Evaluation & Prog. Support		902	435	77	173		1,587
Board Relations		281	1,219	23	(5)	3	1,522
Office of Executive Director		922	248		8	(31)	1,147
External Relations		1,312	605	615	928	3	3,464
Operations		2,565	104		3,010	2,860	8,539
Total	10,119	9,618	3,530	966	4,697	2,839	31,770

As % of budget: 62% 88% 128% 81% 101% 103% **82%**

2003 Budget US\$'000	LFA Fees	Staff	Travel & Meetings	Communicat. materials	Professional services	Office infrastructure	Total
In-country Oversight (LFA fees)	16,426						16,426
Secretariat Expenses		10,961	2,749	1,192	4,666	2,753	22,321
Fund Portfolio Management		3,785	395		15		4,195
Technical Review Panel		62	151	150	129		492
Strategy, Evaluation & Prog. Support		1,234	465		849		2,548
Board Relations		252	883	239	11	5	1,390
Office of Executive Director		897	337			24	1,258
External Relations		1,631	459	793	425		3,308
Operations		3,100	59	10	3,237	2,724	9,130
Total	16,426	10,961	2,749	1,192	4,666	2,753	38,747

2003 Variances US\$'000	LFA Fees	Staff	Travel & Meetings	Communicat. materials	Professional services	Office infrastructure	Total
In-country Oversight (LFA fees)	6,307						6,307
Secretariat Expenses		1,343	(781)	226	(31)	(86)	670
Fund Portfolio Management		396	(360)	(17)	(51)	(3)	(36)
Technical Review Panel		(184)	(13)	(84)	(389)		(669)
Strategy, Evaluation & Prog. Support		332	30	(77)	676		962
Board Relations		(29)	(336)	216	16	2	(132)
Office of Executive Director		(25)	89		(8)	55	111
External Relations		319	(146)	178	(503)	(3)	(156)
Operations		535	(45)	10	227	(136)	591
Total	6,307	1,343	(781)	226	(31)	(86)	6,977

As % of budget: 38% 12% (28%) 19% (1%) (3%) **18%**

Notes

(a) Variances are calculated as budget minus actual expenditure. Hence negative amounts (shown in parentheses) indicate unfavourable variances, since actual expenditure was greater than had been budgeted. Conversely, positive amounts indicate favourable variances, where actual expenditure was less than budgeted.

(b) 'Operations' comprises Finance, Administration, Human Resources, Legal and IT services.

7. **Background to 2003 budget**

The budget for 2003 was prepared at the end of 2002 when grant activity had barely begun and hence there was no experience of costs in relation to grant activity. Furthermore, there was incomplete visibility on factors that would emerge as the operational model of the Fund was implemented. Of necessity, the budget relied heavily on forward-looking cost estimates inherent in the initial years of an enterprise. The following paragraphs outline the areas in which actual expenditure in 2003 varied from budget.

8. **Explanation of variance on LFA Fees**

Local Fund Agent fees for in-country oversight of grants, at \$10.1m, were \$6.3m (or 38%) less than the budget of \$16.4m.

9. As illustrated by the table below, the saving of \$6.3m on LFA fees was due to the following factors:

- Price: Saving of \$4.8m

On average, LFA assessments of PRs cost \$56k each, as compared to \$75k budgeted. LFA monitoring of grants cost \$4.5k per month (\$54k per year), as compared to \$6.8k (\$82k per year) budgeted. These price variances result from a combination over-estimation in the budget and price reductions towards the end of 2003 resulting from the LFA tender process.

- Volume of activity: Saving of \$1.5m

The budget assumed that, on average, monitoring of Round 1 and Round 2 grants would commence on 1 April and 1 July, respectively. Monitoring actually commenced later than this, approximately on 1 May and 1 September, resulting in fewer months of monitoring in 2003.

LFA Fees for:	Budget 2003		Actual 2003		Variance
PR Assessments					
Number of PRs assessed	118		121		
Unit Cost	\$75,000		\$56,314		
Cost of Assessments	<u>\$8,850,000</u>		<u>\$6,814,000</u>		\$2,036,000
Grant Monitoring	Round 1	Round 2	Round 1	Round 2	
Number of grants	58	98	66	69	
Months of monitoring in 2003	9	6	7	4	
Total months of monitoring	522	588	462	276	
Monitoring cost per month	\$6,825		\$4,478		
Cost of Monitoring	<u>\$7,576,000</u>		<u>\$3,305,000</u>		\$4,271,000
Total LFA Fees	\$16,426,000		\$10,119,000		\$6,307,000

Variance due to lower prices \$4,810,000
Variance due to lower volume \$1,497,000

10. **Explanation of material variances on Secretariat Expenses**
Secretariat Expenses were 97% of budget. Annex A outlines the reasons for each significant variance of actual expenditure from budget. The total variance on each function, and the principal underlying causes, were:
11. Fund Portfolio Management: \$37k over budget (1% of \$4.2m budget).
- The element of travel associated with grant negotiation and implementation was greater than had been estimated in the budget by \$360k.
 - This was offset by savings on staff costs of \$396k resulting from some positions not being filled for the whole year.
12. Technical Review Panel: \$669k over budget (136% of \$492k budget)
- Executive search fees and related international advertising costs for renewal of the panel in March of 2003 and again at the end of the year amounted to \$352k; the need to undertake such a search had not been envisaged when the budget was compiled.
 - To deal effectively with Round 2 and Round 3 proposals, it was necessary to hire additional staff for the screening process at a cost of \$184k.
 - Translation of the proposals cost \$84k more than budgeted.
13. Strategy, Evaluation & Program Support: \$962k under budget (38% of \$2.5m budget)
- The later than planned start of Monitoring & Evaluation activities resulted in staff hirings and the engagement of consultants starting towards the end of 2003. Under spending in these areas amounted to \$332k and \$677k on staff and professional fees respectively. (The M&E strategy was approved by the Board in October 2003 and the M&E operational plan was subsequently developed.)
14. Board Relations: \$132k over budget(9% of \$1.4m budget)
- 3 Board meetings and 25 Committee meetings were held in 2003. Venue costs (hire of rooms, technical facilities and interpreters, etc.) were under estimated by \$188k, as were travel costs (for funded delegates and Secretariat personnel) by \$149k.
 - The over-run on meeting costs was largely offset by postponement of translating key Board documents into 5 languages, for which \$216 had been provided in the budget.
15. Office of the Executive Director: \$111k under budget (9% of \$1.3m budget)
- Savings of \$144k resulted from the Fund not having to bear budgeted costs for travel and office facilities of the Chairman.
16. External Relations: \$156k over budget (5% of \$3.3m budget)

- Greater than envisaged usage of PR consultants cost \$319k more than budgeted.
 - Travel of funded delegates and other costs borne by the Fund in connection with the Paris conference to support the Fund amounted to \$146K; this event had not been provided for in the budget.
 - Savings of \$319k were realised on staff costs due to some key positions not being filled until late in the year.
17. Operations: \$591 under budget (6% of \$9.1m budget)
(Finance, Administration, Human Resources, Legal and IT services)
- Staff costs were \$535k less than budgeted, due mainly to the Human Resource staffing requirement being over estimated in the budget.
 - Savings of \$227k on professional fees were yielded through the external auditor tender process and in respect of the Trustee fee and other fees.
 - Office infrastructure costs were \$136k greater than budgeted, because of additional computer equipment being purchased (\$250K), telecommunication costs and general office expenses being greater than budgeted (\$140k and \$91k). These additional costs were offset by rent support of \$240k from Switzerland (that had not been budgeted) and under spending on software development (\$141k).

(See Attachment A for further details of variances on Secretariat Expenses)

18. **Operating Expense Indicators**
In 2003, operating expenses represented 2.9% of total expenditure and 13.8% of grant disbursements.
19. The tables below show how operating expenses as a percentage of activity (measured as total expenditure, grant disbursements and grant amount under management) have declined significantly in comparison to 2002, as grant activity advances. The bases of calculation are explained in the final box.

Operating Expense Indicators 2003

Operating Expenses as percentage of:		LFA Fees	Secretariat Expenses	Operating Expenses
Total Expenditure	(A/C)	0.9%	2.0%	2.9%
Grant Disbursements	(A/D)	4.4%	9.4%	13.8%
Grants Under Management	(A/E)	4.4%	9.3%	13.7%

For comparison: Operating Expense Indicators 2002

Operating Expenses as percentage of:		LFA Fees	Secretariat Expenses	Operating Expenses
Total Expenditure	(A/C)	1.1%	18.7%	19.8%
Grant Disbursements	(A/D)	78%	1344%	1422%
Grants Under Management	(A/E)	78%	1344%	1422%

Data underlying the Operating Expense Indicators

<u>Note</u>		2002		2003	
			US\$ million	US\$ million	
1	Operating Expenses	(A)	12.8	31.8	
2	LFA Fees	(A1)	0.7	10.1	
3	Secretariat Expenses	(A2)	12.1	21.7	
4	Grant Expenditure	(B)	52.0	1,063.3	
5	Total Expenditure	(C)	64.8	1,095.1	
6	Grant Disbursements	(D)	0.9	231.2	
7	Grants Under Management	(E)	0.9	232.1	

Explanation of terms

- 1 Operating Expenses is the sum of LFA Fees and Secretariat Expenses
- 2 LFA Fees for services performed in the period
- 3 Secretariat Expenses (including Board and TRP) relating to the period
- 4 Grant Expenditure is the amount of grant commitments entered into during the period (on signing grant agreement)
- 5 Total Expenditure is the sum of Grant Expenditure (B) and Operating Expenses (A)
- 6 Grant Disbursements is the amount disbursed to Principal Recipients during the period
- 7 Grants Under Management is amount disbursed through period-end on all active grants

Part 2: Operational Performance in 2003

20. Review of performance compared with Work Plan

By the end of 2003, almost all key end products of the 5 Organizational Priorities of the Global Fund per its Work Plan for 2003 had been achieved.

Attachment B details extent of achievement of each end product, indicated by the (approximate) percentage completion. The following paragraphs summarize this with regard to the main end products for each Organizational Priority:

21. Priority 1: Managing the proposal process, grant agreements and follow-up on implementation

Status at end 2003:

- a. Grant Agreements: 97% of Round 1 and 70% of Round 2 grant agreements had been signed.
- b. Grant Disbursements: Disbursements totaling \$232 million had been made to 94% of Round 1 grants and 66% of Round 2 grants. Second disbursements had been made on 31 grants.
- c. Training of portfolio managers is ongoing and will continue in 2004.
- d. Regional meetings of Principal Recipients had been held in all fund portfolio regions.

22. Priority 2: Mobilizing resources and communicating to all GF stakeholders

Status at end 2003:

- a. Contributions paid in for 2003 amounted to \$0.9 billion, which was adequate for demand that was smaller than had been anticipated when a fundraising target of \$2 billion was set for 2003.
- b. Comprehensive resource mobilization and communications plans were developed.
- c. The first Annual Report of the Fund, for 2002/3, was published and almost all planned communications activities were undertaken.
- d. A networking plan with civil society was developed but not yet implemented due to staff availability constraints.

23. **Priority 3: Further stabilizing the Global Fund's architecture and policies**

Status at end 2003:

- a. Policy and procedures for current needs are in place and are being fine-tuned in the light of experience.
- b. A comprehensive funding policy was proposed to the Board resulting in a voluntary period replenishment mechanism being approved for development.
- c. An international competitive tender was undertaken to select Local Fund Agents and the outcome has been implemented for Round 3 grants (and the implementation phase of Round 2 grants).
- d. LFA performance monitoring is under way and CCM case studies have been completed.
- e. A Monitoring & Evaluation strategy was approved by the Board and an M&E operational plan developed.
- f. 3 Board meetings and 25 Committee meetings were held and supported with preparatory analysis, logistics and follow-up.

24. **Priority 4: Working with partners at all levels to ensure that countries in greatest need have access to Global Fund resources**

Status at end 2003:

- a. Against a target of 10 strategic partnerships, 5 partnerships or MOUs are formally in place or close to completion (with ILO, UNAIDS, StopTB, Roll-Back Malaria and ESTHER) and other partnerships are functioning without a formal agreement.
- b. Best practice sharing to support the proposal through grant implementation process is being achieved through partnerships and close collaboration with several organizations
- c. An appeals process for unsuccessful grant applicants has been implemented and all appeals received have been dealt with.

25. **Priority 5: Managing an effective and efficient Secretariat**

Status at end 2003:

- a. Recruitment: All positions have been filled on either a fixed-term or temporary basis (other than some M&E positions that will undergo recruitment in 2004).
- b. Training: Training & development program has been implemented
- c. All those administrative services planned for transfer from WHO have been successfully implemented and are functioning well; formal tracking of service levels has been deferred.

- d. Information Technology infrastructure is in place and functioning well. The proposal & grant management system (PGMS) is under development after an international competitive tender and proposal functionality will be operational for Round 4.
- e. Quarterly financial reports comparing actual expenditures with budget were presented to MEFA
- f. An external auditor was selected through an international competitive tender and the 2002 Financial Statements were audited and received an unqualified audit opinion.
- g. An Ethics Policy was developed. (Implementation was suspended by GPC pending revision to cater for unforeseen considerations.)

Attachment A: Analysis of Variances on Secretariat Expenses

2003 Secretariat Expenses: Analysis of significant variances		
Function/ expense	Variance ^(a) US\$'000	Reason(s) for variance
Fund Portfolio Management	(36)	
Staff	395	Some positions not filled for whole year.
Travel	(360)	(315) Staff travel (budget: 377; actual 692) (45) Regional meetings (net of external funding)
Communications materials	(17)	
Professional services	(51)	Country studies, etc.
Office infrastructure	(3)	
Technical Review Panel	(669)	
Staff	(184)	Temp 160 (not budgeted); Fixed-term 24 under-budgeted
Travel & meetings	(13)	
Communications materials	(84)	Translation of proposals (budget 150; actual 234)
Professional services	(388)	(352) Executive search fees and costs (incl advertising) for recruitment of TRP members (two times in 2003) (36) Rental of proposal tracking system (Praxis), not budgeted
Strategy, Evaluation & Program Support	962	
Staff	332	M&E staff not recruited until late 2003 (and 2004)
Travel & meetings	30	
Communications materials	(77)	Translation of documents
Professional services	677	M&E activities deferred to 2004
Board Relations	(132)	
Staff	(29)	
Travel & meetings	(337)	(116) Travel, non-staff (budget 462; actual 577) (33) Travel, staff (budget 112; actual 145) (188) Venue costs (budget 309; actual 497)
Communications materials	216	Translation of key Board documents into 5 languages: deferred
Professional services	16	
Office infrastructure	2	
Office of the Executive Director	111	
Staff	(25)	
Travel & meetings	89	Chairman's travel costs were not borne by Global Fund
Professional services	(8)	
Office infrastructure	55	Chairman's office costs were not borne by Global Fund
External Relations	(156)	
Staff	319	
Travel & meetings	(146)	Travel costs for Paris conference
Communications materials)	(326)	Greater usage of PR consultants than budgeted
Professional services)		
Office infrastructure	(3)	
Operations ^(b)	591	
Staff	535	HR staffing requirement was over-estimated in budget. Some positions not filled for whole year.
Travel & meetings	(45)	Legal support on grant agreements
Communications materials	10	
Professional services	227	Saving on Trustee and audit fees
Office infrastructure	(136)	(250) Additional computer equipment (budget 427; actual 677) (140) Telecommunication costs under-estimated (budget 240; actual 380) General office expenses under-estimated in budget (mail & courier, stationery, utilities, etc.) (91) Rental support from Switzerland (\$240k) not anticipated in the budget, less rent of additional space. 204 141 Software development budget under-spent

Notes (a) Variances are calculated as budget minus actual expenditure. Hence negative amounts (shown in parentheses) indicate unfavourable variances, since actual expenditure was greater than had been budgeted. Conversely, positive amounts indicate favourable variances, where actual expenditure was less than budgeted.

(b) 'Operations' comprises Finance, Administration, Human Resources, Legal and IT services.

Attachment B: Progress on Individual End Products of the Work Plan

Performance of 2003 Work Plan		Target Date (per workplan)	Percentage complete by 31 Dec 2003	Remarks
Priority	End Product			
1 Managing the proposal process, grant agreements and follow-up on implementation				
1	<i>Rounds 1 and 2 agreements signed, disbursements made and first implementation progress reports reviewed</i>			
1.1	Round 1 agreements signed	01-Jun-03	97%	2 agreements (Korea and Zimbabwe) yet to be signed
1.2	Round 1 first disbursements made	01-Jun-03	94%	Done for all signed grants except Vietnam and Zambia
1.3	Round 1 first implementation progress reports reviewed	01-Sep-03	38%	26 first progress reports on Round 1 grants (second disbursements began in June)
1.4	Round 2 agreements signed	15-Oct-03	70%	33 Round 2 agreements yet to be signed
1.5	Round 2 first disbursements made	15-Oct-03	66%	Done for all signed grants except Botswana, Kyrgyzstan and Thailand.
1.6	Round 2 first implementation progress reports reviewed	31-Dec-03	5%	5 first progress reports on Round 2 grants (second disbursements began in November)
2	<i>Round 3 launched with a TRP session held and approved components in the process of being funded by end of year</i>			
2.1	Round 3 launched	31-Dec-03	100%	
2.2	TRP session held	31-Dec-03	100%	
2.3	Approved components in the process of being funded	31-Dec-03	0%	All Round 3 grants have been approved and grant agreements are being negotiated. Signings will commence in 2004.
3	<i>Proposal manual complete and training provided to all Portfolio managers</i>			
3.1	"Proposal manual" complete	30-Jun-03	100%	Portfolio management toolkit equipped with guidelines and tools documentation including as listed below for fiduciary arrangements and proposals management (3.1).
3.2	Training provided to all Portfolio managers	30-Jun-03	50%	Training provided on an ongoing basis.
4	<i>Mechanism implemented for best practice sharing amongst grantees</i>			
		01-Jun-03	100%	Regional meetings held for all fund portfolio regions
2 Mobilizing resources and communicating to all GF stakeholders				
1	<i>Acquisition of an estimated USD 2 billion in contributions for 2003 as forecast in the Financial prospectus</i>	31-Dec-03	47%	Contributions received for 2003 amounted to \$0.9 billion. They were related to demand that turned out to be smaller than anticipated.
2	<i>Implementation of a resource mobilization plan tailored to different donor sources (e.g. donor governments, private sector, foundations, individuals)</i>	01-Jun-03	100%	A detailed resource mobilization plan was developed and presented to the Resource Mobilization Committee.
3	<i>Implementation of a comprehensive communication plan, including press releases, spokesperson training and content preparation, event calendar and plans, website development, general and targeted publications and donor and recipient site visits.</i>	01-Jun-03	90%	All activities completed except for spokesperson training.
4	<i>A published report to constituents regarding the Fund's progress to date, including audited statements on financials</i>	01-Jun-03	100%	2002/2003 Annual Report was published in September 2003.
5	<i>Implementation of a networking plan with civil society to assure the Fund is continually interacting and responsive to the constituents they represent</i>	01-May-03	60%	A networking plan with civil society was developed but could not be implemented fully due to staff constraints.

Performance of 2003 Work Plan		Target Date (per workplan)	Percentage complete by 31 Dec 2003	Remarks
Priority	End Product			
3 Further stabilizing the Global fund's architecture and policies				
1	Completion of all outstanding policy questions and procedures related to fiduciary arrangements (e.g. results-based disbursement, M&E requirements and processes, procurement guidelines, portfolio management process)	01-Jun-03	100%	Policy and procedures for current needs are in place. Based on experience and lessons learned from Rounds 1 & 2, the Secretariat is working on fine-tuning and complementing the existing policy framework. (Architecture for grant renewals will be completed in 2004.)
2	Approval and implementation of umbrella LFA contracts for Rounds 1 and 2 including a competitive tender for LFA candidates in Round 2			
2.1	Approval and implementation of umbrella LFA contracts for Rounds 1 and 2	01-Jun-03	100%	
2.2	Competitive tender for LFA candidates in Round 2 (and Round 3)	01-Sep-03	100%	Tender process completed and contracts being awarded (for Round 2 implementation and Round 3 assessment and implementation).
3	Establishment of a mechanism by which to track and report on the implementation and performance of CCMs and LFAs	01-Aug-03	90%	LFA performance monitoring in place. CCM case studies completed. Analysis on CCM effectiveness under way (e.g. PLWA involvement study/GNP; TRP proposal review results for Rd 3); CCM database is being compiled.
4	Approval and implementation of a comprehensive M&E Plan for country and global level performance	30-Jul-03	100%	M&E strategy approved by Board in October 2003. Operational work plan developed.
5	Completion of 3 Board meetings and at least 12 Committee meetings, including planning, staff support and post-meeting follow up	31-Dec-03	100%	3 Board meetings and 25 Committee meetings
4 Working with partners at all levels to ensure that countries in greatest need have access to Global Fund resources				
1	At least 10 important strategic partnerships completed, including partnerships for technical, communications, operational and resource mobilization assistance	30-Aug-03	60%	ILO and UNAIDS MOUs are in place. Formalized Partnerships with Stop TB, RMB, ESTHER are close to completion. Other partnerships with multilaterals, bilaterals and NGOs are functioning without a formal agreement.
2	Implementation of a mechanism for best practice sharing amongst partners to support proposal preparation, TRP review, grant work plan development, implementation and monitoring and evaluation	30-Jun-03	60%	Several MOUs with partners have been signed (e.g. UNAIDS, IADB). Close collaboration in effect with others (e.g. World Bank, Roll Back Malaria, Stop TB).
3	Implementation of TRP related decisions associated with TRP renewal and the appeals process for unsuccessful applicants, in collaboration with technical partners and to assure an equitable distribution of Fund's resources	01-Jun-03	100%	Appeals process implemented. All appeals received have been dealt with.

Performance of 2003 Work Plan		Target Date (per workplan)	Percentage complete by 31 Dec 2003	Remarks
Priority	End Product			
5 Managing an effective and efficient Secretariat				
1	<i>All Secretariat positions filled, with inductees oriented to their roles, goals and performance expectations</i>	01-Aug-03	85%	All positions have been filled on either fixed-term (2 years) or temporary bases, other than recently identified M&E positions that are under recruitment. Induction process to be reintroduced in 2004.
2	<i>Training and development program initiated for all Secretariat personnel</i>	01-Jun-03	100%	
3	<i>ASU established with connectivity to WHO systems and processes and service levels established and tracked</i>			
3.1	ASU established with connectivity to WHO systems and processes	30-Jun-03	100%	
3.2	Service levels established and tracked	30-Jun-03	0%	Service levels are satisfactory; formal tracking has been deferred.
4	<i>IT infrastructure established including equipment, financial and grant management applications and web communications</i>			
4.1	IT infrastructure established: equipment functioning	15-Jul-03	100%	
4.2	Financial and grant management applications functioning	15-Jul-03	75%	PGMS contract awarded and system being developed. Grant proposal functionality will be operational for Round 4 (achieved in January 2004).
4.3	Web communications -- Website redeveloped	15-Jul-03	100%	Redeveloped Website launched in June
4.3	Web communications -- Intranet functionality	01-Sep-03	50%	Infrastructure in place; user functionality to be implemented in 2004.
5	<i>Financial accounting and reporting mechanism implemented with an audited financial statement completed</i>			
5.1	Financial accounting and reporting mechanism implemented	30-Apr-03	100%	Quarterly financial performance reports circulated to MEFA
5.2	Audit of 2002 financial statements completed	30-Sep-03	100%	
6	<i>Contract templates for LFAs and grant agreements implemented with ongoing support by the legal department for customized addendums as needed</i>	30-Apr-03	100%	
7	<i>Conflict of interest declaration process implemented for Secretariat and Board</i>	15-Jun-03	60%	Ethics Policy was approved at the Fifth Board Meeting in June, but implementation was suspended by GPC in the light of new considerations necessitating revision of the Policy