

Thirty-Second Board Meeting 2015 Corporate Work Plan

**THE GLOBAL FUND
CORPORATE WORK PLAN & BUDGET NARRATIVE 2015**

Purpose:

1. This document presents a work plan and narrative as complement to the Global Fund Operating Expenses Budget for 2015 (GF/B32/03).

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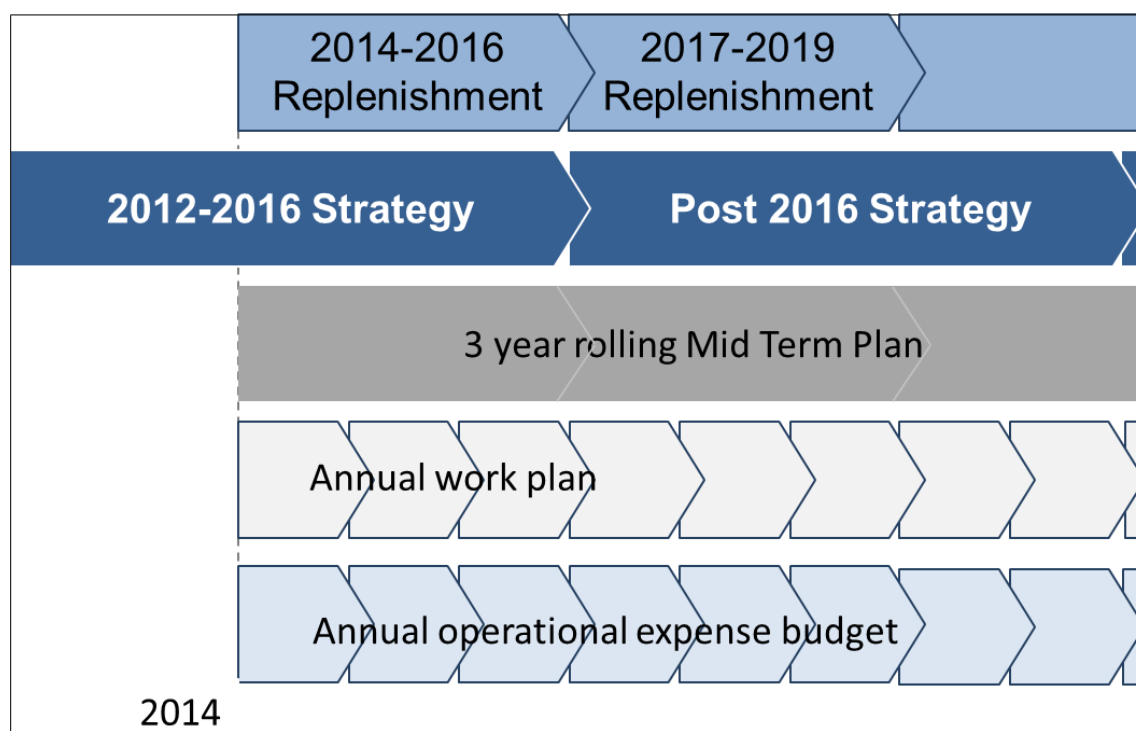
PART A: INTRODUCTION

1. The 2015 Global Fund Corporate Work Plan and Budget Narrative forms a key component of the financial reporting, planning and control structure of the organization. As a complement to the budget, the work plan:
 - Identifies key priorities required for strategy implementation in the year ahead;
 - Provides an overview of budget allocations by Strategic Objective, Priority and Cost category, with an accompanying analysis of budget trends and drivers; and
 - Describes how performance on work under each Strategic Objective will be monitored against major deliverables and the recently approved KPI Framework.

2. The Work Plan enables a better understanding and more detailed analysis of where operating expenses are being invested, what will be achieved with the allocated funds, and how budget decisions align with Strategy. 2015 Corporate Work Plan and Operating Expenses Budget share the same decision point (GF/B32/DPXX) which can be found in the 2015 OPEX Budget document (GF/B32/03).

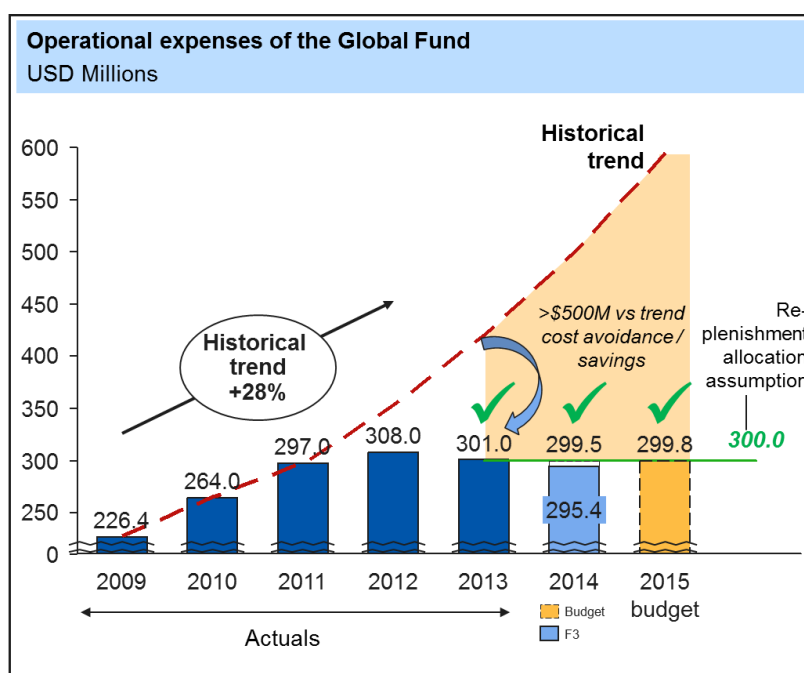
3. Along with the new Mid-Term Plan, the Work Plan strengthens the link between annual budget decisions and the Global Fund Strategy. The Finance Step-Up initiative enabled the first Mid Term Plan to be developed in 2014. With a focus on financial data, the plan provides a forecast of grant and operating expenses over a rolling three year period. In time the scope of the Mid-Term Plan will be extended to incorporate forecast programmatic results.

The Global Fund Planning Cycle

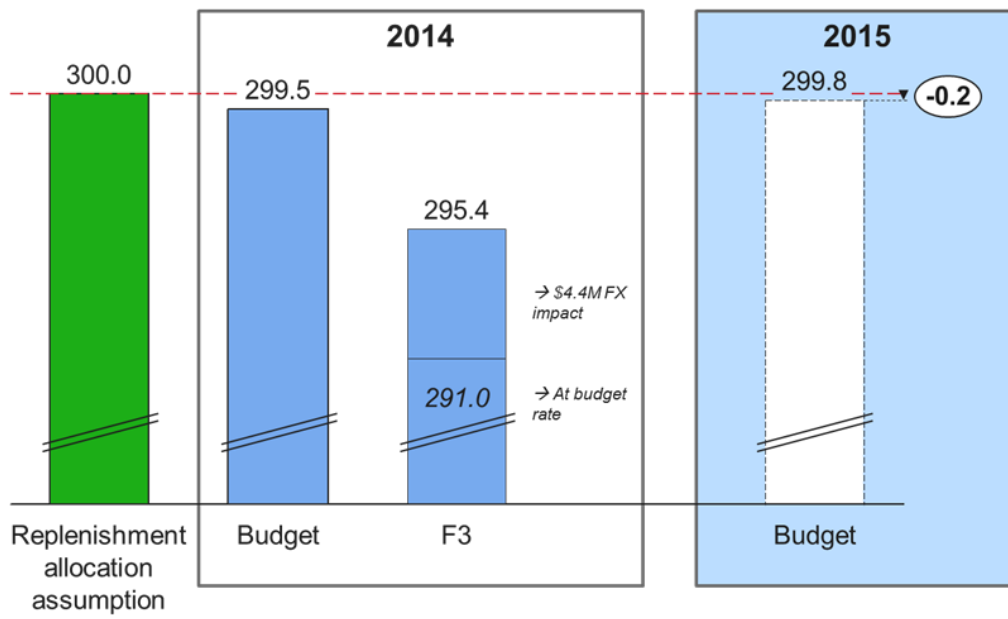


PART B: BUDGET SUMMARY

4. The 2015 budget reflects three core objectives:
 - a. Responsibly adhere to the budget framework set out at the 4th Replenishment;
 - b. Achieve value for money by maintaining efficiency gains seen in 2013 and 2014;
 - c. Ensure resources are allocated according to a defined set of Secretariat wide priorities.
5. Responsible financial management is essential for The Global Fund as an international financial institution. As in 2014, the 2015 budget adheres to the assumption made at the 4th Replenishment that operating expenses be contained within a ceiling of USD 300m per year. Such budgetary discipline has been made possible thanks to improvements to system and human capacity, enhanced by a maturing culture of financial accountability across the organization. The tightening of controls over operating expenses has been achieved in the context of a major series of reforms to the Global Fund business model in 2013-2014, most notably through the roll out of the New Funding Model.
6. The 2015 Budget consolidates the gains in efficiency started in 2013 and continued in 2014. The figure below shows how the Global Fund continues to tightly manage its operating expense, maintaining the gains of previous years.



7. Further efficiency gains have been realized in 2014 through appropriate budgetary discipline during the course of the year. As the figure below shows, 2014 operating expenditure is expected to remain around \$4 million below the original 2014 budget. These expected savings will be reinvested in the 2015 budget, and provide a solid platform for it.



PART C: 2015 CORPORATE PRIORITIES

8. A cross-Secretariat process was undertaken to identify Corporate Priorities for 2015. The first stage, based on reflections of the current status on implementation of the 2012-2016 Strategy and needs for the development of the post 2016 Strategy, identified close to 20 potential priorities. This input was reviewed and synthesised by the Management Executive Committee (MEC) into eight corporate priorities.
9. Guided by these priorities Divisions and Departments developed bottom up work plans including proposals for activities to be undertaken under each priority for MEC review. This process provided an opportunity for the Divisions and Departments to reflect on the structure of their work, splitting this into recurrent activities – the work undertaken year in year out as part of the core business model; and priority activities – the new work or work requiring additional focus in 2015 to deliver the current Strategy and prepare for the next Strategy. This structure provides the framework for the development of the 2015 Global Fund Operational Expense Budget.
10. The eight priorities can be summarised as follows:
 - i. *Implement & optimize the funding model*
2015 will see continuous improvement of the funding model and implementation of key learning from 2014. Focus in 2014 has been mainly on the Allocation, Country Dialogue and Concept Note development stages of the access to funding process; and so far relatively few grants have gone through the process of Grant Making or approval. Full implementation of these later stages of the access to funding process, and further development with an eye on the next Strategy will be the major focus of this priority in 2015.
 - ii. *Greatly improve results & impact measurement*
The methodology employed by the Global Fund for measuring the results and impact of supported programs has been called into question. Development of revised approaches with partners in 2014 through the KPI development process has mapped a route forward. Implementation of short and medium term recommendations resulting from these consultations will be carried forward in 2015.
 - iii. *Increase value for money & synergies of investments*
Value for money is a key component of the Global Fund's work. Aims for 2015 are to further the important gains made on sourcing and procurement and to extend the scope of the work on value for money to each stage of the grant lifecycle.
 - iv. *Implement the risk and assurance framework*
Development of a Combined Assurance Framework, an integrated approach to the operational risk and assurance work of the Secretariat, was a key priority for 2014. With the completion of analytical and design work, the aim in 2015 will be to commence implementation.

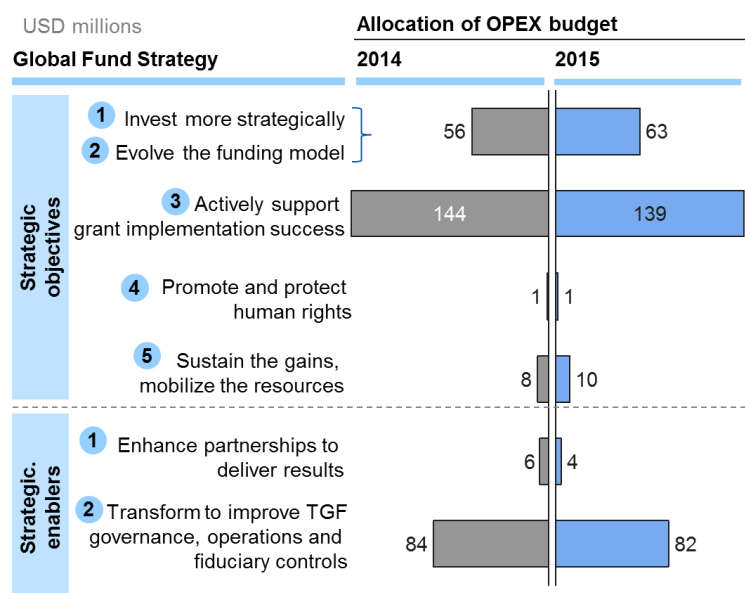
- v. *Expand scope of work on sustainability*
The 2012-16 Strategy focuses the question of sustainability primarily on financial sustainability. This work will be further expanded in 2015, and complemented by a major piece of new work, likely to be the core theme of the post 2016 Strategy, setting out thinking around how the Global Fund can better meet the needs of countries at different stages of the development continuum.
- vi. *Strengthen governance*
Two important streams of work led by the Board in 2014 will likely lead to changes in the organization's governance structures, policies and practices. Work to implement recommendations of the Board's Working Group on Governance and the Audit and Ethics Committee's Steering Committee on Ethics and Integrity will be undertaken in 2015.
- vii. *Upgrade capabilities & efficiency of Global Fund resources*
Further enhancement of the Secretariat's information technology platforms will continue in 2015, with a particular focus on the Salesforce grant management portal. This will be complemented by additional work to further develop how the organisation makes best use of its human capital.
- viii. *Prepare for New Strategy and 5th Replenishment*
With submission of the post-2016 Strategy for Board approval scheduled for early 2016 and the 5th Replenishment scheduled for mid-2016, most of the development and preparatory work for these major events in the planning cycle will be undertaken in 2015.

Priority	2015 Budget (USD m)
Implement & optimize the funding model	0.2
Greatly improve results & impact measurement	0.6
Increase value for money & synergies of investments	5.8
Implement the risk and assurance framework	4.5
Expand scope of work on sustainability	1.2
Strengthen governance	1.1
Upgrade capabilities & efficiency of Global Fund resources	10.1
Prepare for New Strategy and 5 th Replenishment	4.4
Total assigned to priority projects	27.8

11. It should be noted that correspondence between Priorities and Strategic Objectives cannot be technically achieved on a one to one basis; a number of priorities notably increase value for money cut across objectives. Annex I provides a mapping of priority to strategic objective for reference.

PART D: STRATEGIC OBJECTIVES

12. This section provides an overview of the planned work under each Strategic Objective. It should be noted that for the purpose of the 2015 work plan *Strategic Objective 1: Invest more strategically* has been merged with *Strategic Objective 2: Evolve the funding model*. As work evolving the funding model nears completion, activity in this area is increasingly difficult to differentiate from the Access to Funding stage of the grant life cycle and work on strategic investment of grant funds more generally. To reduce the risk of introducing arbitrary splits in this work the two objectives have been merged in this budget analysis.
13. The following figure provides an indicative breakdown of the budget by Strategic Objective and Strategic Enabler. Note, the information should be interpreted with care. Strategic Objectives and Enablers are not mutually exclusive categories and the smaller values in the table are likely to be underestimates of the actual time and resources devoted to these activities. For example, much of the activity directly related to supporting more strategic investments and more effective grant implementation is conducted through strong partnerships, even if it may be budgeted as *Invest more strategically* or *Actively support grant implementation success*.
14. For *Strategic Objective 4: Promote and protect human rights*, it should be noted that these costs reflect the work on policy, procedures and advisory activities only, it does not include work dealing with human rights issues in day to day grant management or assurance activities, nor the sums invested in human rights interventions in grants.



15. 2015 budget allocations to Strategic Objectives remain largely stable when compared to 2014. There has been a slight shift in funding from grant management activities under *Strategic Objective 2*, to access to funding activities under *Strategic Objective 1*. This is driven by increases to CCM funding and a shift in LFA fees from post grant signing

monitoring to pre-grant signing assessments. There is also a small shift in budget from *Strategic Objective 4* to *Strategic Objective 5* as a result of allocations within the communications budget. The main communications campaign for 2014 focused on partnerships whereas in 2015 it will focus on the 5th replenishment.

16. The following sections provide an objective by objective overview and a breakdown of the operational expense budget for the Secretariat’s planned work in 2015, differentiating between priority related and recurrent activities. This summary includes Secretariat activities supporting the work of the Special Initiatives (GF/BM31/DPo6).

Strategic objectives 1 & 2: Invest more strategically & Evolve the funding model

Budget (USD millions)

Activity	Staff	Professional fees	Travel & meetings	Other (incl. LFA)	Total
Priority	3	1	<1	<1	4
Recurrent	27	5	9	18	59

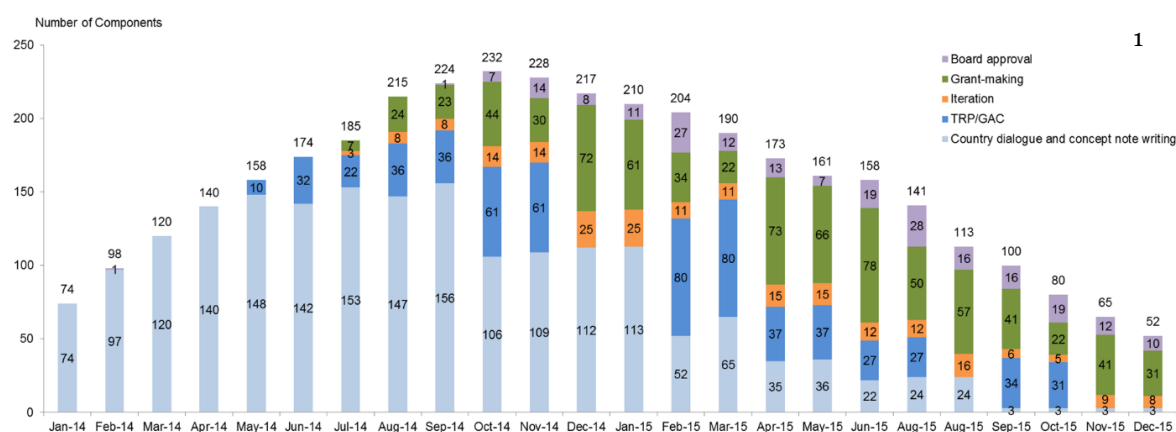
Priority activities

17. Work to date on enhancing strategic investment of grant funds has focused on targeting funds to high impact countries, interventions, and populations; and ensuring investments are based on robust national strategies integrated into national systems. Initial experience in 2014 operationalizing co-financing partnerships for women’s and child health, in particular with UNICEF, UNFPA and the World Bank, is promising and will be further rolled out in 2015. Partner engagement will increase scope to also cover health system strengthening through more effective service integration within health systems.
18. A review conducted in 2014 of early Concept Notes identified a disconnect between analysis on gender inequalities and vulnerabilities to the three diseases. An important component of the Key Populations Action Plan will focus work with technical and civil society partners to better support the meaningful engagement of adolescent girls and women in country dialogue, particularly where the prevalence of HIV amongst adolescent girls is disproportionate and growing.
19. Roll out of the funding model has identified a number of areas in the current allocation methodology where there is scope for improvement to enhance strategic investment. These include issues related to incentive funding that have been flagged by the Technical Review Panel as well as important elements of the allocation model related to banding and the methodology to incorporate data on disease burden. An important activity in 2015 will be incorporating lessons learned and developing improvements to the funding model ahead of the post-2016 Strategy.

20. Another acknowledged limitation to more effective investment and the rigor of how the Global Fund reports on the achievements of supported programs is the methodology used to report results and impact. Based on an expert panel review of these methods, work to increase the use of country level modelling exercises will start in 2015. This initiative will be coupled with further methodological work to shift focus from looking backwards at historical data towards looking forward based on a rigorous results and impact forecast. The Secretariat will also work with partners to come to a common position on how to better reflect the contributions of all funders, foreign and domestic, when reporting.
21. Strategic investment will be further enhanced by new work to optimize the use of grant funds at a portfolio level. This will aim to release underspent funds from grants with low rates of expenditure, enabling greater investments in programs that can more effectively utilize the funds. Methodology will be developed in 2015 with likely application as the grant portfolio matures in 2016.
22. Work on the next stage in evolving the funding model will be closely linked to priorities on combined risk and assurance (paragraph 27) and the development continuum (paragraph 36). This work will seek to drive efficiency and ensure that grant management procedures match the level of risk of key portfolio segments and employ appropriate assurance mechanisms. Roll out of tailored approaches to operationalizing results based financing will be another important area for development ahead of the 2016 Strategy.

Recurrent activities

23. The focus of recurrent work will be to support countries through the five stages of the Access to Funding process illustrated in the figure below. This includes provision or facilitation (see paragraph 40) of technical support on the three diseases, procurement, supply chain, finance, monitoring and evaluation, health systems, women's and child health, critical enablers or legal aspects of a grant. It also covers funding and technical assistance to 130 country or regional coordinating mechanisms enhancing local partnerships and effective decision making. While 2014 has focused mostly on country dialogue and concept note development, the share of work will shift in 2015 into the grant making stage of the process.



The Secretariat expects to receive 260 component² applications for funding over the 2014-2016 cycle. It is expected that 30 components will be signed by the end of 2014, and a further 190 components in 2015. The peak in activity will occur in October 2014; after which the workload is expected to tail off steadily to the end of this replenishment period. Full delivery of the Salesforce Grant Management Platform which transforms the way that the Secretariat works with country partners will be an essential support to this workload.

Strategic objective 3: Actively support grant implementation success

Budget (USD millions)

Activity	Staff	Professional fees	Travel & meetings	Other (incl. LFA)	Total
Priority	6	5	1	<1	12
Recurrent	69	7	9	42	127

Priority activities

24. Further development of the Procurement for Impact initiative will continue in 2015, with work to pilot an “e-marketplace” project and to implement a Revolving Fund for commodity purchases aiming to consolidate the ambitious 8% per year value for money savings target for the third year.
25. The e-marketplace is a technology platform that will give all buyers access to the negotiated prices to date only available through the pooled procurement mechanism. In time, the aim is for the e-platform to be made available across NGO’s, international

¹ As of 1 October, 2014. The grant-making phase of CNs are estimates between 2-6 months (average = 3 months). Actual grant-making duration may be different. Where iteration actuals are unavailable, it is assumed that 20% of CNs from a review window will undergo iteration. Assumptions around regional applications are also included. Finally, grant signing is assumed to occur immediately after board approval.

² Component refers to the focus of the application on either HIV, TB, Malaria or Health Systems Strengthening

organizations and ministries of health to further enhance local capabilities, and will expand beyond core health products. In addition, the Revolving Fund of working capital will be established in 2015 for advance volume commitments of health products. Currently, any financial commitment to suppliers must be tied to an annual commitment of grant funds, despite three-year visibility on orders from implementer grant agreements. This mechanism will operate as a time-bridge measure enabling the commitment of larger volumes to suppliers to leverage unit cost savings.

26. Cost control measures will also include the full implementation of commodity unit cost benchmarking at the grant making and implementation phases of the grant lifecycle. This will improve value for money review for grants that are not part of the pooled procurement mechanism; and will include further methodological work to extend unit cost assessment from just commodities to full cost of service.
27. A corporate priority for 2014 was to develop a combined approach to grant level risk management and assurance, and a framework to guide this work will be finalized by the end of the year. Work in 2015 will implement the new framework which focuses on three main areas for improvement. First, increased co-ordination of financial assurance provision through more effective assurance planning and removal of multiple assurance providers. Second, a full strategic review of supply chain issues to determine core performance indicators and appropriate assurance processes. Third, adoption of best practice program and data quality approaches and increased coverage of onsite assessments. As highlighted above this work will underpin efforts to increase efficient use of grant management resources differentiating assurance approaches to more appropriately match operational risks.
28. Since 2009, the Secretariat has engaged with states to accord the Global Fund privileges and immunities through a Board-endorsed multilateral agreement. To date eight countries have signed the multilateral agreement, which enters into force upon the tenth ratification, acceptance or approval. Increased efforts will be made in 2015 to secure additional signatures and ratifications. To facilitate this process, Framework Agreements to be signed for new grants will include provisions requiring host-country grantees to take all necessary and appropriate actions so that privileges and immunities are accorded to the Global Fund through relevant domestic legislation and/or the signing and ratification of the multilateral agreement within three years. These Framework Agreements represent an important component of the grant-making process. The Board will be presented with a decision point in November 2014 endorsing the processes and tools available to secure privileges and immunities, and creating mechanisms that keep the Board informed on progress with respect to this prioritized activity.
29. The Secretariat has recently established an Innovation Hub function to better coordinate internally and with partners, particularly from the private sector, the development of new initiatives with potential to improve the efficiency of program delivery. Three streams of work have been identified as priorities for 2015. First, Procurement and Supply Chain

Management, to address inefficiencies to prevent treatment disruptions and improve the quality of health products. Second, Financial and Risk Management to improve financial planning and risk management practices with implementing partners. Third, Program Quality, to identify and disseminate best practices to improve program quality as a complement to efforts described above on assurance.

30. Other work on supply chain improvement will see a Rapid Supply Mechanism established to reduce emergency response times to product shortages from months to just weeks by establishing three regional rapid supply centers with partners and selected manufacturers. A country supply chain strengthening strategy will also be developed, with the aim to improve availability of medicines for patients by having greater visibility and control over orders and the full national pharmaceutical supply chain.

Recurrent activities

31. Day to day management of the portfolio of 348 grants forecast to be operational at the start of 2015 is the mainstay of the Secretariat's work. Reviewing annual funding requests and progress updates, making commitment and disbursement decisions and dealing with the range of other grant activities supporting grant implementation and country level partnerships takes up more than 40% of the total operating expense budget.
32. Work implementing global sourcing strategies will focus on diagnostics and Tuberculosis medicines in 2015, building on the important savings already generated through the global sourcing deals on ARVs, LLINs and ACT, which delivered 13% savings in 2013 and is on track to deliver the target 8% savings in 2014. It is expected that operational risk management activities will cover around 200 high impact and high risk grants.

Strategic objective 4: Promote and protect human rights

Budget (USD millions)

Activity	Staff	Professional fees	Travel & meetings	Other	Total
Priority	-	-	-	-	-
Recurrent	1	<1	<1	<1	1

Recurrent activities

33. Work in 2014 developed the tools, processes and procedures to operationalize the Global Fund's Human Rights strategic objective and 2015 will see this work shift to an implementation, revision and improvement phase. Guidance to inform concept note development; training and human rights knowledge management for Secretariat staff; amendments to the Global Fund Grant Regulations that introduce minimum standards for grant implementers; and the addition of human rights complaints to the Office of the Inspector General's complaints and investigations procedures were all delivered in 2014.

34. The focus of work for 2015 will be to review this work, revise and refine as needed, and embed Human Rights work as a recurrent activity of the Global Fund and the OIG. This will involve working with countries on inclusion of technically sound human rights interventions in grants, mitigating human rights risks and managing complaints of violations. Additional efforts will be focused towards tracking and reviewing the human rights content of submitted concept notes and grants and the provision and facilitation of technical assistance to implementers.

Strategic objective 5: Sustain the gains, mobilize resources

Budget (USD millions)

Activity	Staff	Professional fees	Travel & meetings	Other	Total
Priority	2	1	1	<1	3
Recurrent	6	<1	1	<1	7

Priority activities

35. Most of the work undertaken by the Secretariat on sustaining the gains achieved by supported programs to date has focus on increased financial sustainability. Following the success of advocacy efforts in the run up to the 4th replenishment to secure commitments from implementer countries to increase domestic funding for the three diseases, a Domestic Financing strategy was developed in 2014. A priority for 2015 will be to roll out the advocacy approach to an additional eight countries.
36. Work in 2015 will seek to expand this work with an eye to the next Global Fund Strategy and the post-2015 Development Agenda. This will cover both programmatic and financial sustainability of capacity, and how to more effectively tailor the Global Fund's approach to working in countries at different stages of development and with populations with different levels of need. Initial thinking on this work has been shared with the Strategy Investment and Impact Committee and recommendations will be shared with the Board in early 2015.
37. Efforts to mobilize resources for the Global Fund's 5th Replenishment will start in 2015, with the kick-off of the replenishment campaign planned for the second half of 2015, ahead of a planned replenishment pledging conference mid-2016. Preparatory activities for the replenishment process will include strategic, logistical and analytical work as well as advocacy and targeted communication campaigns. The key analytical input will be an update conducted with partners to the Resource Needs Assessment developed for the 4th replenishment.

Recurrent activities

38. Monitoring adherence to the new counterpart financing thresholds, and tracking domestic financing pledges and contributions are key elements of the Secretariat's financial sustainability work. Domestic financing pledges from implementing countries to date in 2014 have reached USD 7.4 bn, already USD 2.8 bn greater than contributions for the 2012-14 period. Continued tracking of these pledges and monitoring whether pledges are turned into actual contributions will be conducted in 2015. Other work on sustainability will be regular review through the access to funding process to ensure sustainability is being designed into concept note and grant submissions for upper middle income countries.
39. Donors pledged USD 12 bn to the Global Fund at the launch of the 4th replenishment; the largest amount ever committed to fight against AIDS, tuberculosis and malaria. However, the Secretariat continues to work with private donors, including high net worth individuals, and existing and new public sector donors to secure additional pledges. Work will also continue in 2015 to ensure pledges are turned into contributions delivered to agreed schedules.

Strategic Enabler: Enhance partnerships to deliver results

Budget (USD millions)

Activity	Staff	Professional fees	Travel & meetings	Other	Total
Priority	<1	1	1	<1	2
Recurrent	2	<1	<1	<1	2

Priority activities

40. Implementation of the early applicant phase of the new funding model identified the importance of sound timely technical support to countries during the concept note development stage. The Secretariat has established a Technical Assistance Hub to coordinate among technical support providers, disease advisors, and country teams. This mechanism will ensure that technical assistance partnerships (for example through the "5%" clauses of the French and US contributions to the Global Fund) deliver this assistance to where it is needed most and to the quality required, both throughout grant-making and into program implementation.
41. A key event for 2015 will be the Partnership Forum which provides a platform and an opportunity to engage with the full range of stakeholders that make up the Global Fund partnership. Current thinking is that four regional fora will be held between April and October 2015, and that these meetings will be used to seek input for the development of the post 2016 Strategy.

Recurrent activities

42. 2014 saw the Global Fund's partnership model enhanced with strong engagement of partners throughout the rollout of the funding model. This was particularly evident with partnerships required to support countries through the new funding model and to ensure that allocated funds are invested strategically. Effective coordination and management of the Special Initiative funding will continue in 2015.

Strategic Enabler: Transform to improve Global Fund governance, operations and fiduciary controls

Budget (USD millions)

Activity	Staff	Professional fees	Travel & meetings	Other	Total
Priority	3	4	<1	-	7
Recurrent	26	15	5	30	75

Priority activities

43. A key priority in 2015 will be to develop the post 2016 Strategy. In addition to the Partnership Forum and the work on the Development Continuum, the findings of the Technical Evaluation Reference Group led Strategic Review 2015 have been identified as key parts of this process. The review will provide an independent appraisal of progress with Strategy implementation and assess progress on reducing the impact of the three diseases. The preliminary report of the review findings will be published mid-2015. A Strategic framework will be submitted to the Board for approval in November 2015, with the full Strategy submitted for approval at the March Board meeting in 2016.
44. A review of Global Fund governance was conducted by the OIG as a priority in 2014. A Working Group on Governance will present recommendations in light of the review's findings to the Thirty-Second Board Meeting. A priority for 2015 will be implementation of these recommendations. Other governance changes will come through implementation of the Ethics and Integrity Framework developed under the oversight of the Audit and Ethics Committee and a designated Steering Committee.
45. The Secretariat will continue the efforts started in 2012 to increase the efficiency of Global Fund resources through integrated and automated Information Technology infrastructure; and better alignment and improved capabilities of staff resources. In addition to the critical implementation of the Salesforce platform, other key IT initiatives for 2015 will focus on the development of a procurement and logistics platform, improved data and analytics functionality and improvements to human resources information systems. Efforts to make more effective use of staff resources will focus on better workforce planning, the introduction of more formal matrix management approaches and further development on culture and talent management.

Recurrent activities

46. The regular day to day business of the management, support and control functions falls under this enabler. This covers much work of governance, communications, human resources, IT and office infrastructure and well as the control functions in finance, risk, legal support and the work of the OIG. Note the work plan of the OIG is reviewed by the Audit and Ethics Committee.

PART E: COST CATEGORY

47. The table below provides a summary of the full 2015 budget by major cost category. Five cost categories make up more than 90% of the total budget.

Budget category (USD millions)

Staff	LFA	Professional fees	Office infrastructure	Travel	Total
145	54	38	24	23	300 (rounded)
CCM	Meetings	Communication	Board constituencies	Other	
10	3	1	1	<1	

48. Despite a stable headcount, the staff budget will see an increase from USD 126 m in 2014. This is due to several embedded factors, including the full year impact of the 2014 headcount, as well as minor budgeted increases in salary and insurance premiums. No net movement in headcount is expected in 2015, and new positions are largely in support of the 2015 corporate priorities.
49. Important efficiencies in the Global Fund's Local Fund Agent costs were seen again in 2014. These savings were captured from the implementation of a targeted approach to providing LFA services even with the additional demands of the new funding model. Further efficiencies are expected in 2015 through the continued implementation of a differentiated approach to directing LFA services by risk and materiality.

LFA expenditures (USD millions)

2011	2012	2013	2014 (F3)
77	76	64	50

50. As a result of the need for increased travel as more grants reach the grant making stage of the access to funding process and in preparation for the next replenishment, budgeted travel costs show an increase in 2015 when compared to previous years.

Travel expenditures (USD millions)

2011	2012	2013	2014 (F3)
17	14	19	20

51. Global Fund's investments in Professional Fees in 2015 will reduce by 17% compared to the 2014 budget. The reduction in fees for Mandatory/Compliance is driven by the decrease in OIG budget to better reflect the volume of activity; it should be noted that the 2015 budget for the OIG shows a slight increase versus the 2014 F3 forecast. As in past years the major part of professional fee expenditures are on mandatory or compliance issues, including trustee and external audit, TRP/TERG fees, OIG, HR & Legal/Compliance, Procurement and Product testing. Some software costs related to new IT platforms will be capitalized.

Professional fees (USD millions)

Mandatory / Compliance	IT projects	NFM	Combined risk and assurance	Post 2016 Strategy	Cost effectiveness	Other ³
17	9	1	2	<1	<1	9

³ Includes professional fees for GMD, SIID, Communications, Human Resources, Board Affairs, FISA and Other

PART F: PERFORMANCE

52. Performance against Strategic Objectives will be monitored and assessed against the Global Fund Corporate KPI Framework. Priority activities, by their nature, are more discrete pieces of work which in time will contribute to improving performance against the KPIs. The table below provides a summary of expected deliverables and outcomes. Further detail on Corporate KPI targets for 2015 are available in an accompanying document (GF/B23/24).

Strategic Objective/Enabler	Major activities	2015 Budget (USD m)	Expected deliverables & outcomes
Strategic objective 1 & 2: Invest more strategically & Evolve the funding model*	<p>2015 Priority activities</p> <ol style="list-style-type: none"> 1. Differentiation in Access to Funding and Grant management procedures 2. Develop approaches to operationalize Results Based Funding 3. Improve impact and results measurement and forecasting 4. Partner engagement on adoption of common attribution or contribution models for reporting impact and results 5. Improvement of Allocation Model and access to funding processes 6. Portfolio management optimizing grant portfolio investments 7. Develop partnership approach to service integration for both HSS and RMNCH 8. Catalyze action and collaboration among gender focused partners 	4	<ol style="list-style-type: none"> 1. Differentiated processes for key portfolio segments developed and implemented 2. Assessment of RBF models for 10 pilot countries completed and grants signed where recommended 3. Recommended country level impact models implemented in high impact countries; Measurement and forecast of impact and results reported semi annually 4. Consensus reached with partners on a common approach to results and impact reporting 5. Board approval for changes in allocation model and access to funding policy 6. Development of methodology to increase volume of funds allocated to UQD from de-commitment of underspent grant funds 7. Further rollout of partnership work with UNICEF, UNFPA, and the World Bank 8. CCM capacity on gender increased; Engagement of women and girls in country dialogue improved
	Recurrent activities	59	<ul style="list-style-type: none"> ▪ Strong Corporate & Operational KPI performance:

Strategic Objective/Enabler	Major activities	2015 Budget (USD m)	Expected deliverables & outcomes
	<ol style="list-style-type: none"> 1. Support 190 component proposals through the access to funding process 2. Provide effective support to countries to ensure strong concept notes and grant proposals 3. Facilitate effective grant review through TRP & GAC meetings 		<ul style="list-style-type: none"> - KPI 4: Efficiency of Global Fund investment decisions: - KPI 5 Health System Strengthening; - KPI 6 Alignment of supported programs with national systems; - KPI 7 Access to funding
Strategic objective 3: Actively support grant implementation success	2015 Priority activities <ol style="list-style-type: none"> 1. Further roll out of the procurement for impact initiative 2. Develop Supply Chain strategy 3. Improved financial management, systems & capability of grant implementers 4. Implement the new risk and assurance framework 5. Negotiate and execute agreements on privileges and immunities 	12	<ol style="list-style-type: none"> 1. Implementation of the Revolving Fund and Rapid Supply mechanism; Pilot e-market place 2. Supply Chain Strategy adopted with input from key actors 3. Implementer financial management strategy developed, and rollout started 4. Improved assurance on Financial, Procurement & Supply Chain, Program & Data quality risks 5. Ratify multilateral Agreement on Privileges and Immunities in 10 countries Framework agreements executed with 80 countries
	Recurrent activities <ol style="list-style-type: none"> 1. Manage operational risk with a focus on 200 high impact or high risk grants 2. Ensure value for money from grant expenditures 3. Manage investments in more than 348 ongoing grants 4. Support country level grant implementation partnerships 	127	<ul style="list-style-type: none"> ▪ Strong Corporate & Operational KPI performance: <ul style="list-style-type: none"> - KPI 9 Effective operational risk management - KPI 10 Value for money - KPI 11 Grant expenses forecast

Strategic Objective/Enabler	Major activities	2015 Budget (USD m)	Expected deliverables & outcomes
Strategic objective 4: Promote and protect human rights	Recurrent activities <ol style="list-style-type: none"> 1. Provide technical support on Human Rights to 21 country teams 2. Develop and implement human rights complaints procedure 3. Track Human Rights investments, risks, complaints and management of reported violations 	1	<ul style="list-style-type: none"> ▪ Strong Corporate & Operational KPI performance: <ul style="list-style-type: none"> - KPI 12 Human rights protection
Strategic objective 5: Sustain the gains, mobilize resources	2015 Priority activities <ol style="list-style-type: none"> 1. Implementation of Domestic Financing strategy 2. Development of approach to “Development Continuum” concept 3. Preparatory activities for the 5th Replenishment 	3	<ol style="list-style-type: none"> 1. Domestic financing campaigns launched in 8 countries 2. Recommendations submitted to the Board and used to underpin post 2016 Strategy 3. Preparatory replenishment meeting held by Q4 Resource needs assessment published
	Recurrent activities <ol style="list-style-type: none"> 1. Engagement with donors to secure additional pledges and ensure agreed contributions made to schedule 2. Advocacy and operationalizing incentives to increase domestic investments in the three diseases 3. Monitoring counterpart financing thresholds, pledges and contributions 	7	<ul style="list-style-type: none"> ▪ Strong Corporate & Operational KPI performance: <ul style="list-style-type: none"> - KPI 13 Resource mobilization - KPI 14 Domestic financing for AIDS, TB & Malaria
Strategic enabler: Enhance partnerships to deliver results	2015 Priority activities <ol style="list-style-type: none"> 1. Improved coordination & monitoring of Technical Assistance partnerships 2. Convene partnership forum and strategy consultation meetings 	2	2015 Priority activities <ol style="list-style-type: none"> 1. Technical Assistance more effectively targeted to strengthen country & community capacity 2. Input from all stakeholder constituencies effectively integrated into the strategy development process

Strategic Objective/Enabler	Major activities	2015 Budget (USD m)	Expected deliverables & outcomes
	Recurrent activities	2	Recurrent activities
	1. Management of the Special Initiatives		1. Technical Assistance more effectively targeted to strengthen country & community capacity
Strategic enabler: Transform to improve Global Fund governance, operations and fiduciary controls	2015 Priority activities	7	
	1. Development the Global Fund's Post-2016 Strategy		1. Board approval of strategy goals and objectives; Strategic Review 2015 completed and used in strategy development
	2. Improve effectiveness of Global Fund governance		2. Recommended governance reforms implemented; Ethics and integrity framework implemented
	3. Ensure integration and automation of IT infrastructure		3. Deliver key IT projects: Salesforce, Procurement, Data & analytics and HR
	4. Increase alignment and capabilities of staff resources		4. Deliver key HR initiatives: Workforce planning, matrix management, culture and talent management
	Recurrent activities	75	Recurrent activities
	1. Efficient management of the Global Fund secretariat		▪ Strong Corporate & Operational KPI performance:
	2. Provision of essential control and support services		- KPI 15 Efficiency of grant management operations
			- KPI 16 Quality of management and leadership
Total		300	

*As work evolving the funding model nears completion for this Strategy cycle activity in this area is increasingly difficult to differentiate from the Access to Funding stage of the grant life cycle and work to Invest More Strategically. To reduce the risk of introducing arbitrary splits in this work the two objectives have been merged for the purposes of the work plan.

2015 PRIORITY TO STRATEGIC OBJECTIVE MAPPING

	Implement & optimize the funding model	Greatly improve results & impact measurement	Increase value for money & synergies of investments	Implement the risk and assurance framework	Expand scope of work on sustainability	Strengthen governance	Upgrade capabilities & efficiency of Global Fund resources	Prepare for New Strategy and 5th Replenishment
SO 1 & 2	✓	✓	✓					
SO 3			✓	✓			✓	
SO 4								
SO 5					✓			✓
SE Partnership								✓
SE Transform						✓	✓	✓

Strategic objective 1: Invest more strategically

Strategic objective 2: Evolve the funding model

Strategic objective 3: Actively support grant implementation success

Strategic objective 4: Promote and protect human rights

Strategic objective 5: Sustain the gains, mobilize resources

Strategic enabler: Enhance partnerships to deliver results

Strategic enabler: Transform to improve Global Fund governance, operations and fiduciary controls