



Investing in our future

# The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Eighteenth Board Meeting  
New Delhi, India 7 – 8 November 2008**

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**GF/B18/6  
Attachment 1**

## **2009 BUDGET – FURTHER DETAILS**

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## PART 1: CLUSTER SUMMARIES

1. The following pages outline the strategic role of each Cluster (the functional departments of the Secretariat), summarize its budget and explain the reasons for significant budgetary increases. The following table presents the overall total:

In US\$ millions	2007	2008	2009	Increase on 2008	% Increase on 2008 Budget
<i>By Function</i>	Actual	Budget	Budget		
<b>Secretariat Expenses</b>	US\$m	US\$m	US\$m		
Country Programs	23.5	32.2	42.5	10.3	32%
Strategy, Performance Evaluation & Policy	16.5	33.5	36.2	2.7	8%
Partnerships, Communications & Resource Mob.	12.7	23.0	27.5	4.4	19%
Office of the Executive Director	3.6	3.4	3.4	0.0	0%
Corporate Services	22.4	53.4	53.6	0.2	0%
Finance	3.8	6.4	8.8	2.5	39%
Office of the Chair of the Board	0.3	0.5	0.7	0.1	21%
<b>Secretariat</b>	<b>82.8</b>	<b>152.4</b>	<b>172.7</b>	<b>20.2</b>	<b>13%</b>
Office of the Inspector General	1.5	3.1	6.7	3.6	117%
Funding of CCMs	0.0	6.0	6.0	0.0	1%
In-country Oversight	33.0	50.2	59.5	9.3	19%
<b>Total Operating Expenses</b>	<b>117.2</b>	<b>211.7</b>	<b>244.9</b>	<b>33.2</b>	<b>16%</b>
Efficiency Target net of contingency	0.0	(2.0)	0.0	2.0	-100%
<i>less: Assumed 30 staff positions not filled</i>			<i>(4.7)</i>	<i>(4.7)</i>	
<b>Total, before contingency</b>	<b>117.2</b>	<b>209.7</b>	<b>240.2</b>	<b>30.5</b>	<b>15%</b>

*Increase over prior year:                      79%                      15%*

Note: The Cluster Summaries that follow are derived from the work plans for each of the Units that comprise each functional Cluster of the Secretariat. These work plans correspond with Version 2 of the budget (600 staff positions in 2009). Version 2a assumes that, overall across all Clusters, 30 staff positions would remain unfilled at the end of 2009, thus reducing the 2009 budget by 30 staff positions to 570 positions, and reducing the overall budget amount by US\$ 4.7 million to US\$ 240.2 million.

The foregoing is prior to addition of the budget contingency of up to 10% of the budget.

## Country Programs

### Strategic Role

The Country Programs Cluster has primary responsibility for overseeing all aspects of grant management and serves as the primary interface between the Global Fund and grant recipients. The Cluster is comprised of eight regional teams whose work is supported by cross-cutting functions for Local Fund Agents, Country Coordinating Mechanisms and grant renewals (Phase 2 and RCC).

### Workload in 2009 will be increased by:

1. A major increase in the number of grants for signature in 2009, from 80-90 annually to nearly 150 grants, depending on the number of grants approved in Round 8 and an anticipated 45-50% uptake on Dual Track Financing;
2. Anticipated TRP recommendation for funding to a number of new national and sub-national CCMs and Regional Organizations;
3. An anticipated higher success rate for Round 9 Applicants due thanks to TRP feedback to unsuccessful Applicants in Round 8;
4. The need for dedicated staff time to the develop strategic partnerships with civil society and private sector actors at the country level;
5. New reporting requirements requiring tracking, time-intensive follow-up and oversight on initiatives such as Enhanced Financial Reporting, PR Surveys, UNITAID, AMFm, and the Green Light Committee.
6. Promotion of high quality performance by LFAs.

### Resource Needs for 2009: Increase of 32%

<b>Country Programs</b>	<b>No. of Staff</b>	<b>No. of FTE</b>	<b>Budget \$m</b>	Staff Costs	Profess. Fees	Travel & Meetings	Other	Staff Cost per FTE \$k
Budget 2008	154	130	32.2	20.4	2.5	9.1	0.2	157
Budget 2009	188	188	42.5	29.6	1.5	11.1	0.3	157
<b>Increase</b>	<b>34</b>	<b>58</b>	<b>10.3</b>	9.2	-1.0	2.0	0.1	1
Increase %	22%	44%	32%	45%	-40%	22%	26%	1%

### Staff Costs:

Of the additional 34 positions requested, 90% are for the eight Regional Teams who need additional resources to manage higher numbers of new grant signatures, performance-based disbursements, Phase 2 grant renewals and RCC grant extensions. The remaining posts are for Office of the Director for critical cluster-wide coordination activities. The number of FTEs is higher than in 2008 because the planned hiring date for all new staff is for early in 2009, whereas in previous years, hiring was staggered throughout the year.

### Travel and Meeting Costs:

A 22% increase in travel costs is explained by the increase of travel costs in 2009 and for travel expenses for new staff who will carry out country-related work requiring travel to recipient countries.

## **Strategy Policy & Performance**

### Strategic Role

The SPP Cluster drives the Global Fund in the areas of Fund Policy and Strategy, Country Proposals, Health advisory, Performance, M&E, Aid Effectiveness, Evaluation and Pharmaceutical Procurement. In collaboration with all units within the Global Fund and a broad range of stakeholders at national and international levels, the key functions of the Strategy Policy & Performance Units are:

#### Performance and Effectiveness

- establishing transparent systems that are the foundation of performance-based funding to support implementation of programs within a framework of accountability;
- monitoring and evaluation of grant and programme performance, as well as of evaluating the GF's impact on wider systems, and ultimately on the three diseases;
- generating and communicating strategic performance information to improve the business model and to inform policy and strategy development;

#### Evaluation and Quality

- supporting independent evaluations, learning from their findings and working with technical partners and country stakeholders to ensure that GF-supported programs conform to the latest scientific findings, norms and standards, including quality assurance of interventions.
- monitoring the cost effectiveness of interventions, the advancement of the Paris Declaration agenda, harmonization and alignment, and enabling the greater use of common results evidence by multiple donors.

#### Strategy and Policy

- assessing and evolving the GF's strategic role in the global public health architecture; identifying, shaping and developing selected strategic global initiatives with all relevant partners to enable optimal use and maximum impact of investments;
- set the GF's direction and modalities relating to how it provides funding (in a performance-based funding fashion, raises resources, measures performance, carries out governance, etc);
- managing and communicating the processes that enable applicants to seek funding and engaging in the development of strategies relating thereto. Continuing to support and improve the TRP process.

#### Procurement

- enable implementation of grants by providing advice and support to the PRs, Secretariat and other stakeholders on procurement and supply management issues.
- lead the policy development and strategic initiatives within procurement and supply chain management, as well as managing the Quality Assurance of health products including monitoring the compliance with the various policies

#### Health Advisory

- Provide high level technical advice, capacity and representation for the Global Fund, including the three diseases, health systems, and gender and development issues.

### Workload in 2009 will be increased by:

The budget has been organized around seven key priorities for 2009. These build on the growth in the portfolio, particularly for new rounds (>100% growth) and grant reviews (>50%), as well as key strategic projects for 2009 (architecture, national strategies, AMFM). It also continues evaluation activities (contributing to professional fees) to ensure a strong, independent evaluation function and sufficient professional fees for strategic initiatives. The seven key priorities are:

1. New Funding Rounds (round 9 and 10)

2. Implement new architecture and national strategy applications
3. Improve team support to country programs in line with grants and reviews
4. Impact and effectiveness analysis to improve strategic information
5. Internal performance and managing the key performance indicators
6. Strong independent evaluation and learning function
7. AMFM and UNITAID (development capacity, pending Board decisions)

Resource Needs for 2009: Increase of 8%

<b>Strategy, Performance Evaluation &amp; Policy</b>	<b>No. of Staff</b>	<b>No. of FTE</b>	<b>Budget \$m</b>	Staff Costs	Profess. Fees	Travel & Meetings	Other
Budget 2008	104	81	33.5	13.4	16.0	2.9	1.1
Budget 2009	140	126	36.2	21.1	7.4	6.2	1.5
<b>Increase</b>	<b>37</b>	<b>45</b>	<b>2.7</b>	7.7	-8.6	3.3	0.4
Increase %	35%	56%	8%	57%	-54%	111%	35%
<i>Increase relating to:</i>	<i>5-Year Evaluation</i>		-10.5	-0.3	-10.1	-0.1	
	<i>"normal business"</i>		13.3	8.0	1.5	3.3	0.4

Staff Costs:

Staff costs include growth related to grant activities (new rounds and reviews) and stronger strategic and evaluation projects. 37 new positions are being added to support following needs:

- Growth in the grant portfolio and need for Phase 2 and Beyond Phase 2 reviews.
- A drive to strengthen in-country performance based funding frameworks and data quality management, including the measurement of KPI.
- Implementation of existing strategic global initiatives as agreed by the Board and development of a structured, strategic approach to future identification, prioritization and development of emerging global initiatives
- Delivering different elements of current Board-mandated projects (especially Architecture review and NSA's both of which are major, cross-cutting initiatives, with many components and much cross-functional work required to get to a stage or readiness for implementation and both of which are currently under-resourced).
- Supporting additional expected 2009 projects – e.g. strategic review of GF country-level architecture, follow-up to 5YE SA2, increased predictable financing to HSS (as part of IHP), etc.
- Increased support to Country Programs – e.g. in terms of country team approach, in particular Dual Track Financing and new rounds.
- The calling of two funding rounds in the year and the increase of application through the RCC channel.

Professional fees:

The reduction of \$8.6m reflects the lower cost in 2009 compared to 2008 for the Five Year Evaluation. However it should be noted that evaluation activities have been included and budgeted for 2009 which continue some of these activities, as have professional fees for strategic initiatives. There are also significant TRP costs.

Travel and meetings costs:

There are also increases in travel fees, due to the significant increase in the role of the TRP, transport cost increases, and increased country collaboration in strategic and grant support activities.

## **Partnerships, Communications & Resource Mobilization**

### Strategic Role

The role of the Partnerships, Communications & Resource Mobilization Cluster is to secure financial resources to meet the demand from Global Fund implementing partners, facilitate governance and support amongst stakeholders, develop and implement partnerships and ensure effective global communication on the Global Fund and the results achieved by its partners. To optimize the achievement of that role the cluster will develop in 2009 new strategies for communications and partnerships and update its resource mobilization strategy. All these strategies will need to be well integrated.

The cluster's activities and priorities in 2009 are driven both by:

1. **The continued need for increased resources:** 2008 has seen a significant increase in requested resources through RCC and R8. Meeting this demand will require intensified efforts in mobilizing resources from existing public sector donors (including a successful midterm replenishment), from new donors particular from emerging economies and oil-rich countries, from the private sector and expansion of activities in innovative finance.
2. **In addition to and in support of Resource Mobilization activities there is a need in 2009 for:** (a) an enhanced focus on partnerships with multilateral and bilateral partners and stakeholders in implementing countries, (b) significantly enhanced communications capacities for a scale-up of communication efforts in both implementing and donor countries.

### Workload Increase in 2009

1. The continued need for increased resources: 2008 has seen a significant increase in requested resources through RCC and R8 which is further expected to increase in 2009. Meeting this demand will require intensified efforts in mobilizing resources from existing public sector donors (including a successful midterm replenishment), from new donors particular from emerging economies and oil-rich countries, from the private sector and expansion of activities in innovative finance.
2. In addition to and in support of Resource Mobilization activities there is a need in 2009 for: (a) an enhanced focus on partnerships with multilateral and bilateral partners and stakeholders in implementing countries, (b) significantly enhanced communications capacities for a scale-up of communication efforts in both implementing and donor countries.
3. Developing three integrated strategies with consultations, task team meetings and follow-up
4. Organization of the Mid Term Replenishment Review and preparations for the next full replenishment cycle beginning in 2010
5. Further developing private sector contribution mechanisms, as per gradual increase recommended by the RM strategy (3 new positions in PS/RM)
6. Stronger emphasis on supporting partnerships in implementing countries
7. Communications Unit: Scale up of (1) technical capacities (non-recurring cost of creation of a Web Content Management System, and an online photo-video library service), (2) human capacities for enhanced and multilingual communication in donor and implementing countries, (3) programmatic activities related to increased staffing allocated by restructuring exercise, especially in Implementing countries, and (4) continuation of Access to Life exhibition and activities in Rome, Berlin and other capitals.

Resource Needs for 2009 : Increase of 19%

<b>Partnerships, Communications &amp; Resource Mobilization</b>	<b>No. of Staff</b>	<b>No. of FTE</b>	<b>Budget \$m</b>	Staff Costs	Profess. Fees	Travel & Meetings	Other
Budget 2008	75	64	23.0	9.9	3.7	7.5	1.9
Budget 2009	90	88	27.5	13.8	4.5	7.3	1.8
<b>Increase</b>	<b>15</b>	<b>23</b>	<b>4.4</b>	3.8	0.8	-0.2	0.0
Increase %	20%	36%	19%	39%	22%	-2%	-2%

Staff costs:

Of the 15 additional positions, 5 are assistant positions completing the new teams created in the context of the restructuring.; 4 are to continue the RM effort (3 in private sector partnerships and 1 in Donor Government); 5 are to strengthen communication capacity and 1 is to cover the UN in the context of the expected granting of Observer Status in the UN General Assembly.

Professional fees:

Increase of professional fees (22%) is mainly located in the Communications Unit and relates to the scale up of technical capacities (CMS and photo-video library), as well as consultant fees related to crisis communication, and fees for the organization of Access to Life exhibition in capitals.

Travel & Meeting costs:

The decline of \$0.2m relates to the absence of Partnership Forum event this year. Real differential is however altered by the strengthening of partnership team activities through increase allocation for organization of meetings. The overall budget increase for travel is only 3% over 2008 budget. Travel volume remains at a level similar to 2008, due to the absence of a Partnership Forum in 2009 translating into reduction of Board and PF team travel. Most other teams travel allocations show however an increase justified by the necessary strengthening of capacities for new teams and activities and by increased travel prices due to fuel cost.

## **Office of the Executive Director:**

### Strategic Role

The role of the Office of the Executive Director (OED) is mainly focused on the following main areas:

- Providing overall leadership and strategic vision and direction
- Managing the Secretariat
- Building new partnerships as well as strengthening existing relationships with national, regional and international partners;
- Representing the Global Fund in meetings and events with external partners (donors, implementers, technical and scientific partners, etc);
- Mobilizing financial support to the Global Fund through advocacy activities;
- Providing oversight of policy development

### Managing the Secretariat will imply:

- leading the Executive Management Team
- leading on the implementation of the transition to a new administrative system including HR, IT, procurement and finance
- leading on the Secretariat organizational development and change management
- interacting with staff and the Staff Council
- collaborating with the Board and its Committees and overseeing Secretariat's support to the Board including acting as Focal Point to the Policy and Strategy Committee and the Office of the Inspector General

### Representing the Global Fund will imply:

- strengthening the dialogue with partners at global and local level;
- attending or hosting international meetings and events;
- consolidating exiting partnerships and building new ones to advance the mission of the Global Fund

### Mobilizing financial resources will imply:

- implementing advocacy activities with donors, implementers and other stakeholders

### Providing oversight of policy development will imply:

- Leading on the preparation of policies by the Secretariat for Board and Committee consideration;
- lead on policy formulation together with Board Committees and in response to Board's decisions

### Workload in 2009 will be increased by:

1. Increasing the involvement of the Global Fund in the broader health development architecture, including providing inputs to new global initiatives
2. Consolidating and launching new partnerships at global level, including the Affordable Medicines Facility – Malaria
3. Implementing the recommendations of the Five Year Evaluation (Study Area 1 and 2)
4. Implementing a new administrative system including IT, HR, finance and procurement;
5. Implementing the recommendations of the Management Review



Resource Needs for 2009: No increase

<b>Office of the Executive Director</b>	<b>No. of Staff</b>	<b>No. of FTE</b>	<b>Budget \$m</b>	Staff Costs	Profess. Fees	Travel & Meetings	Other
Budget 2008	14	12	3.4	2.0	0.7	0.6	0.0
Budget 2009	15	15	3.4	2.2	0.4	0.7	0.0
<b>Increase</b>	<b>1</b>	<b>3</b>	<b>0.0</b>	0.2	-0.3	0.1	0.0
Increase %	6%	24%	0%	10%	-42%	23%	-100%

The Office of the Executive Director is maintaining the same level as the 2008 budget.

**Corporate Services:**

Strategic Role

The Corporate Services Cluster houses the teams that enable the Secretariat to Function: human resources, information services, administration, contracting, and legal.

Key functions of the Cluster are:

- **Administration:** Providing building management services, relocation and orientation services (OSROS), travel services and travel security to the Secretariat.
- **Human Resources:** Implementing HR policies and procedures for the staff of the Secretariat; managing recruitment and training, and overseeing performance management.
- **Legal:** Provides legal advice to the Executive Director and his Deputy, to all Units within the Secretariat, to the Board of the Global Fund (generally through the Chair and Vice-Chair or Board Committees), and to the other organs in the Fund's organizational structure (Office of the Inspector General, TERG and TRP). The advice rendered primarily relates to grant negotiation and management, policy, governance, resource mobilization, partnerships, administrative matters and dispute resolution.
- **Information Systems:** Providing information systems and infrastructure services to support grant process from proposals through performance-based funding, information management and telecommunications.
- **Corporate Procurement:** Enabling the acquisition of services and supplies for the functioning of the Secretariat and in-country oversight, in compliance with WHO and Global Fund policies and procedures.

Workload in 2009 will be increased by:

1. Enabling an increased number of staff to function productively with the increase in services related to the ASA transition
2. Development of the OSROS, Travel Offices, as well as expansion of the Human Resources team to include compensation and benefits and added short-term recruitment.
3. Development of an ERP and related training and user needs
4. Additional round of grant funding to be approved in April 2009

Resource Needs for 2009: Minor increase of 0.30%

<b>Corporate Services</b>	<b>No. of Staff</b>	<b>No. of FTE</b>	<b>Budget \$m</b>	Staff Costs	Profess. Fees	Travel & Meetings	Other
Budget 2008	85	62	53.4	10.7	25.2	1.2	16.3
Budget 2009	113	110	53.6	16.6	16.2	2.1	18.8
<b>Increase</b>	<b>28</b>	<b>48</b>	<b>0.2</b>	5.9	-9.0	0.9	2.4
Increase %	33%	76%	0%	55%	-36%	71%	15%
<i>Increase relating to:</i>	<i>ASA Transition</i>		<i>-18.0</i>	<i>0.0</i>	<i>-18.0</i>	<i>0.0</i>	
	<i>"normal business"</i>		<i>18.2</i>	<i>5.9</i>	<i>9.0</i>	<i>0.9</i>	<i>2.4</i>

Staff:

The increase in staffing is due to the increase in services related to the ASA transition, autonomous administration and increased projection for grant commitment. Out of total increase of 28 staff, 6 additional staff are required in administration, 8 in human resources, 8 in information technology, 1 in corporate procurement and 6 in the legal unit, while cluster directorate has one position less. Of the 6 additional positions in Administration, three are for the OSROS office (the interface between the staff and the Swiss authorities), one for Travel office, one new Safety and Security officer and one additional reception position. HR staffing is always driven by the total number of the staff at the Secretariat.

- The impact of a delayed introduction of GSM and design/development/implementation of new ERP have/will have heavy impact on HR requiring additional temporary resources to support operations.
- New GF HR framework: requires that we build our own internal resources in areas where previously function handled by WHO (such as compensation and benefits and payroll input)
- Increased outsourcing of services i.e. ombudsperson, mediator, staff counselor). Phased approach to the new GF ERP will require the necessary interim resources/skills.
- IT unit will need new Oracle experts and help desk staff.
- The new positions in Legal Unit are mainly to support additional grant volumes and administrative matters which were formerly the responsibilities of WHO under the ASA.

Professional Fees:

The Cluster total has dropped due to the one-time provision in 2008 for the pension fund transfer (\$12 million), and other costs related to the transition. Adequate post ASA provision has been budgeted across all units. The cluster directorate has provided \$1.6 million to establish Healthcare, Pension fund, policies & procedures framework required post transition. Administration team has set aside \$1.3m as a contingency should the ASA be extended for additional 6 months. \$0.5 million has been budgeted for OSROS reallocation function and consultancies needed to assist in securing appropriate permits. The IT unit has provided for \$1.5mn for setting up helpdesk function, \$1mn for ERP phase II and Oracle maintenance fee.

The HR budget includes provision for payroll outsourcing fee, external recruitment consultants to support the recruitment program, executive searches, recruitment software, career development and outplacement services, assessment centre services and training activities (E-learning development, HR training for managers and staff, IT Training, Coaching and Facilitation Services, Management and Leadership Development Program, Individual Units Training, Language Training, Induction training, Development and management intern/young graduate program, Operations and Health related learning program and ERP training).

Travel & Meetings:

The increase of \$0.9 million reflects increased air fares and a greater number of trips by IT to support server outsourcing function in India, by Legal to support increased grant negotiations in several countries, and for candidate travel to interviews.

Office infrastructure and other costs:

The increase of \$2.9 million includes provision for additional office space and related furniture, equipment and fitting-out, and IT and communication services for the increased number staff. It also includes costs for travel security, insurances and medical services (following cessation of the ASA with WHO).

## Finance

### Strategic Role

The Finance Cluster accounts for and reports on the financial transactions of the Global Fund, supports the financial aspects of grant-making, and provides financial forecasts and analysis to support Board decision making and to inform donors and other stakeholders of the financial resource needs of the Global Fund.

Key functions of the Cluster are:

- Maintaining the financial records of the Global Fund, compiling its financial statements and facilitating their external audit in compliance with best practices
- Providing guidance on financial aspects of grants and reviewing disbursements to provide final clearance prior to payment by the Trustee
- Processing grant and other transactions in close collaboration all Units throughout the Secretariat
- Supporting the Board and its Committees with regard to financial matters, including acting as focal point to the Finance and Audit Committee
- Providing financial analysis and information for Replenishment and as otherwise required by donors, including projections and forecasts of needs and resources.
- Compiling grant and contribution financial information for daily website publication
- Participating in internal committees and panels that prepare policies for Board and Committee consideration and carry out governance roles delegated by the Board

Workload in 2009 will be increased by:

1. Greater volumes of grant transactions and operational transactions due to growth in overall activity and size of the Global Fund.
2. New areas of accounting taken over from WHO on cessation of the administrative services agreement effective 1 January 2009
3. Various initiatives to enhance grant processes, formalize risk management and complete the introduction of Enhanced Financial Reporting

Resource Needs for 2009: Increase of 39%

<b>Finance</b>	<b>No. of Staff</b>	<b>No. of FTE</b>	<b>Budget \$m</b>	Staff Costs	Profess. Fees	Travel & Meetings	Other
Budget 2008	25	23	6.4	3.4	2.6	0.3	0.0
Budget 2009	34	33	8.8	5.0	2.9	0.9	0.0
<b>Increase</b>	<b>9</b>	<b>10</b>	<b>2.5</b>	1.6	0.3	0.6	0.0
Increase %	36%	45%	39%	45%	12%	183%	0%

#### Staff costs:

Of the 9 additional positions, 1 each will support systems accounting and risk management and 7 will provide additional capacity for supporting grant management activities.

#### Professional fees:

Includes the Trustee fee (\$2.5 m) and external audit and consulting fees for risk management and Pension Fund (\$0.4m)

## Support the Chair and Vice Chair of the Board

Resource Needs for 2009 : minor increase

<b>Office of the Chair of the Board</b>	<b>No. of Staff</b>	<b>No. of FTE</b>	<b>Budget \$m</b>	Staff Costs	Profess. Fees	Travel & Meetings	Other
Budget 2008	1	1	0.5	0.2	0.3	0.0	0.1
Budget 2009	1	1	0.7	0.2	0.3	0.2	0.1
<b>Increase</b>	<b>0</b>	<b>0</b>	<b>0.1</b>	0.0	0.0	0.1	0.0
Increase %	0%	0%	21%	2%	0%	291%	-28%

The budget provides support to the Chair and Vice Chair of the Board. It funds 2 support personnel, 1 of which is employed by the Secretariat, as well as contributing towards travel, meeting and other office expenses.

## Office of the Inspector General

Resource Needs for 2009 : Increase of 117%

<b>Office of the Inspector General</b>	<b>No. of Staff</b>	<b>No. of FTE</b>	<b>Budget \$m</b>	Staff Costs	Profess. Fees	Travel & Meetings	Other
Budget 2008	14	11	3.1	1.9	0.9	0.2	0.1
Budget 2009	19	19	6.7	3.4	1.6	1.4	0.3
<b>Increase</b>	<b>5</b>	<b>8</b>	<b>3.6</b>	1.5	0.7	1.2	0.2
Increase %	36%	77%	117%	80%	80%	503%	224%

In 2009 OIG will have a full staff component and there will be a lot of assignments happening at country level e.g. 9 country audits that involve 4 people for a period of a month. This model is different from the past audit model that comprised of one person for a period of three weeks. The budget also makes provisions for an increase in investigation related travel once the hotline is launched.

With regard to the increase in other costs, provisions have been made for the purchase of software for audits and investigations. The investigations team also has unique equipment needed to undertake investigation assignments.

## PART 2: STAFFING

### Allocation of Positions

1. The need for the additional positions in each Cluster is described in Part 1 of the Attachment and is summarised below:

Staff numbers	2007	2008	2009	Increase on 2008	% Increase on 2008 Budget
-- Positions	Positions Approved	Positions Approved	Positions		
Country Programs	131	154	188	34	22%
Strategy, Performance Evaluation & Policy	35	104	140	37	35%
Partnerships, Comms & Resource Mob.	60	75	90	15	20%
Office of the Executive Director	22	14	15	2	11%
Corporate Services	66	85	113	28	33%
Finance	13	25	34	9	36%
Office of the Chair of the Board	1	1	1	0	0%
<b>Secretariat</b>	327	456	581	125	27%
Office of the Inspector General	14	14	19	5	36%
	341	470	600	130	28%
<i>less: Assumed 30 staff positions not filled</i>			(30)	(30)	
<b>Total Staff</b>	341	470	<b>570</b>	<b>100</b>	<b>21%</b>
		<i>Increase over prior year:</i>	38%	21%	

<b>In Full-Time Equivalents for year</b>	385	<b>550</b>	<b>165</b>	<b>43%</b>
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Note: The assumption that 30 positions will remain unfilled at the end of 2009 (per budget Version 2a) contains the number of positions in 2009 at 570. The final allocation of additional positions to each Cluster will be determined by the Executive Director.

2. Per version 2a of the budget, as recommended by the FAC, it is assumed that of the 600 positions requested by the Secretariat, 5% (30 positions) would remain unfilled by the end of 2009. The estimated full-time equivalent of the 570 positions as 550 FTEs reflects an assumption that the new staff will start early in 2009. This will be essential in order to ensure that the grants approved in Rounds 8 are negotiated and signed during 2009, and to cater for the take-over of administrative services at the start of the year following cessation of the ASA with the WHO.

3. As illustrated below, the distribution of both the additional positions and the resultant staffing of the Secretariat reflects the core-business needs:

- 54% of the new positions are to strengthen the Country Programs cluster and the Strategy, Performance Evaluation and Policy cluster (26% and 28% respectively).
- Much of the 29% allocated to Finance (7%) and Corporate Services (22%) is in support of the grant making activities.
- 12% of the new positions are for the work of the Partnerships, Communications and Resource Mobilization cluster.
- 4% are to strengthen the capacity of the Office of the Inspector General

Staff numbers -- Positions	Distribution of Increase		Distribution of 2009 Positions
	Positions	%	
Country Programs	34	26%	31%
Strategy, Performance Evaluation & Policy	37	28%	23%
Partnerships, Comms & Resource Mob.	15	12%	15%
Office of the Executive Director	2	1%	3%
Corporate Services	28	22%	19%
Finance	9	7%	6%
Office of the Chair of the Board	0	0%	0%
<b>Secretariat</b>	125	96%	97%
Office of the Inspector General	5	4%	3%
	130	100%	100%
<i>less: Assumed 30 staff positions not filled</i>	(30)		
<b>Total Staff</b>	100		

The final allocation of new positions to each Cluster will be determined by the Executive Director.

### Staff Costs

- Staff costs account for US\$ 25.1 million of the overall US\$ 30.5 million increase in the budget from 2008 to 2009.
- While the number of staff FTEs will increase by 43%, staff costs will increase by 41%. This reflects a slightly lower average cost per FTE in 2009.

OVERALL	No. of Staff	No. of FTE	Budget \$m	Staff Costs	Profess. Fees	Travel & Meetings	Other	Staff Cost per FTE \$k
Budget 2008	469	385	156	62.0	51.9	21.9	19.7	161
Budget 2009	600	580	179	91.8	34.8	29.9	22.8	158
less: 30 staff positions	-30	-30	-4.7	-4.7				
	570	550	175	87.1	34.8	29.9	22.8	158
<b>Increase</b>	<b>101</b>	<b>165</b>	<b>19</b>	<b>25.1</b>	<b>-17.0</b>	<b>8.0</b>	<b>3.0</b>	<b>(3)</b>
Increase %	22%	43%	12%	41%	-33%	37%	15%	-2%

  

Total Budget (US\$ million)	2008	2009
Per above	156	175
In-country oversight	50	60
Funding of CCMs	6	6
Efficiency Target	-2	
<b>Total</b>	<b>210</b>	<b>240</b>
Increase		31

  

Composition of the staff costs increase	
43%	Volume
-3%	Rate and Mix
40%	

3. Staff costs as estimated in the proposed budget are based on the current, WHO compensation and benefits structure. Costs arising on transition to the new Global Fund compensation and benefits structure to apply in 2009 following cessation of the ASA with the WHO will increase staff costs by approximately 7.8%, or US\$ 6.8 million (as outlined in GF/EDP/08/16, page 7). This additional cost in 2009 will be covered by the budget contingency (as indicated in GF/B18/6 page 15)

## PART 3: IN-COUNTRY OVERSIGHT

The budget for In-country Oversight is compiled from a country-by-country review of LFA service requirements in 2009. Risk assessments are taken into account in determining the extent of services required in each country.

The 19% increase in budget results from the increased volume of grant activity (items 1 to 5 below) and updated unit costs following the LFA retendering process that was completed in 2008. The unit costs reflect an expansion of the scope of LFA services and additional complexity, such as for assessments of sub-recipients, CCM funding requests and grant consolidation.

In-country Oversight		2008 Budget		2009 Budget		Change	
		US\$		US\$		US\$ million %	
<b>1 Assessments of PRs</b>	No. of grants	110		146			
To assess PR capacity for Rounds 8 & 9 plus grant signing and first disbursement, change of PR; RCC	Average cost	\$49'000		\$86'062		7.2	133%
	Budget		\$5'390'000		\$12'565'083		
<b>2 Verification of Implementation</b>	No. of grants under management: Rd 1 - 7	503		518			
To monitor implementation throughout the grant duration: PU/DR, site visits, annual reports	Average cost	\$55'000		\$56'829		1.8	6%
	Budget		\$27'665'000		\$29'437'466		
<b>3 Phase 2 Renewal Reviews</b>	No. of Phase 2 Reviews	73		104			
To inform decision making on Phase 2 renewal and assessment of RCC proposal	Average cost	\$30'000		\$33'217		1.3	58%
	Budget		\$2'190'000		\$3'454'578		
<b>4 Consolidation Reviews</b>	No. of grants consolidated	12		35			
	Average cost	\$20'000		\$35'000		1.0	410%
	Budget		\$240'000		\$1'225'000		
<b>5 Grant closures, UNITAID and special services</b>							
Grant closures				898'794			
Special services: e.g. assessment of sub-recipients in Additional Safeguard countries				2'872'168			
Anti-terrorism compliance/certification				262'681			
UNITAID related drug disbursement reviews				95'450			
			\$2'000'000		\$4'129'094	2.1	106%
<b>6 M&amp;E self assessment of existing PRs</b>	No. of countries	134		60			
	Cost per country	\$21'325	\$2'857'550	\$14'421	\$865'246	(2.0)	-70%
<b>7 Independent Data Quality Audit</b>	No. of grants	60		20			
For the roll-out of assessment and audit tools to improve the quality of programmatic data and systems in grants and countries.	Cost per grant	\$20'000		\$70'000		0.2	17%
			\$1'200'000		1'400'000		
<b>8 Paris Declaration Reviews</b>	No. of grants	45		n/a in 2009			
Measurement in 2008 of Paris Declaration indicators for specified grants	Cost per grant	\$12'500				(0.6)	-100%
			\$562'500				
<b>9 PR Surveys and verification of year-end programmatic results</b>	No. of grants	438		518			
PR Surveys: Collection of additional indicator data (e.g. gender related) from a sample of grants; Verification: for a selection of grants where additional verification is required of results that are reported to donors, the Board and the Replenishment	Cost per grant	\$3'300		\$4'009		0.1	5%
			\$1'969'400		\$2'076'610		
<b>10 LFA review of CCM funding requests</b>	No. of countries			121			
LFA review of CCM proposals and verification of expenditures	Cost per grant			\$3'881		0.5	100%
			0		\$469'614		
<b>11 LFA costs on introduction of new requirements, training and LFA handovers</b>							
Fees of outgoing LFA associated with hand-over to new LFA			\$1'000'000		\$124'085		
Training, including on new quality assurance procedures			\$3'250'000		\$2'811'000		
Scope and rate increases			\$1'514'525		\$992'200		
<b>Total allowance for the above</b>			\$5'764'525		\$3'927'285	(1.8)	-32%
<b>12 Board decisions with budgetary impact:</b>							
GF/B16/DP7	RCC interim bridge funding measures		\$75'000				
GF/B16/DP8	Roll-out of Grant Consolidation		\$300'000				
<b>Overall Cost</b>			<b>\$50'213'975</b>		<b>\$59'549'977</b>	<b>Increase on 2009</b>	
		2008:	\$ 50.2 m	2009:	\$ 59.5 m	9.3	19%



## PART 4: CHANGES IN BUDGET FROM 2008 TO 2009, prior to 10% contingency

Budget 2009		Budget 2009 (US\$'000)										
	TOTAL	Staff	Professional fees	Travel	Meetings	Communication materials & services	Office infrastructure	External co-funding	CCMs	LFA Services	Contingency; Efficiency target	
<b>Secretariat:</b>												
Country Programs	20%	42,529	29,624	1,520	8,116	2,977	293					
Strategy, Performance Evaluation & Policy	17%	36,215	21,060	7,437	4,577	1,606	1,532	3				
Partnerships, Communications & Resource Mobilization	13%	27,463	13,782	4,510	5,419	1,929	1,594	229				
Office of the Executive Director	2%	3,362	2,216	430	598	119						
Corporate Services	26%	53,609	16,596	16,178	1,974	96	2,351	16,414				
Finance	4%	8,817	5,008	2,900	893	16						
Office of the Chair of the Board	0%	662	182	254	176			50				
<b>Secretariat</b>	<b>82%</b>	<b>172,658</b>	<b>88,468</b>	<b>33,228</b>	<b>21,753</b>	<b>6,743</b>	<b>5,770</b>	<b>16,696</b>				
Office of the Inspector General	3%	6,725	3,355	1,616	1,310	135	60	249				
Funding of CCMs	3%	6,000							6,000			
In-country Oversight	28%	59,550								59,550		
<b>Total, before efficiency target</b>		<b>244,932</b>	<b>91,823</b>	<b>34,845</b>	<b>23,063</b>	<b>6,878</b>	<b>5,830</b>	<b>16,945</b>	<b>6,000</b>	<b>59,550</b>		
<b>Total Operating Expenses</b>	<b>117%</b>	<b>244,932</b>	<b>91,823</b>	<b>34,845</b>	<b>23,063</b>	<b>6,878</b>	<b>5,830</b>	<b>16,945</b>	<b>6,000</b>	<b>59,550</b>		
		100%	37%	14%	9%	3%	2%	7%	2%	24%		

Budget 2008		Budget 2008 (US\$'000)										
	TOTAL	Staff	Professional fees	Travel	Meetings	Communication materials & services	Office infrastructure	External co-funding	CCMs	LFA Services	Contingency; Efficiency target	
<b>Secretariat:</b>												
Country Programs	15%	32,243	20,427	2,528	5,687	3,370	232					
Strategy, Performance Evaluation & Policy	16%	33,475	13,396	16,011	1,840	1,092	1,136					
Partnerships, Communications & Resource Mobilization	11%	23,014	9,949	3,696	5,276	2,241	1,892	357	(396)			
Office of the Executive Director	2%	3,357	2,015	740	384	200	19					
Corporate Services	25%	53,449	10,731	25,169	1,125	84	150	16,190				
Finance	3%	6,361	3,444	2,595	312	9						
Office of the Chair of the Board	0%	546	178	254	45			69				
<b>Secretariat</b>	<b>73%</b>	<b>152,445</b>	<b>60,142</b>	<b>50,992</b>	<b>14,668</b>	<b>6,995</b>	<b>3,429</b>	<b>16,616</b>	<b>(396)</b>			
Office of the Inspector General	1%	3,097	1,862	900	163	77	20	75				
Funding of CCMs	3%	5,961							5,961			
In-country Oversight	24%	50,200								50,200		
<b>Total, before efficiency target</b>		<b>211,704</b>	<b>62,004</b>	<b>51,892</b>	<b>14,831</b>	<b>7,072</b>	<b>3,449</b>	<b>16,691</b>	<b>(396)</b>	<b>5,961</b>	<b>50,200</b>	
<b>Total Operating Expenses</b>	<b>100%</b>	<b>209,704</b>	<b>62,004</b>	<b>51,892</b>	<b>14,831</b>	<b>7,072</b>	<b>3,449</b>	<b>16,691</b>	<b>(396)</b>	<b>5,961</b>	<b>50,200</b>	
		100%	30%	25%	7%	3%	2%	8%	0%	3%	24%	
											(2,000)	
											(2,000)	

Changes from 2008 to 2009		Changes from Budget 2008 to 2009 (US\$'000)										
	TOTAL	Staff	Professional fees	Travel	Meetings	Communication materials & services	Office infrastructure	External co-funding	CCMs	LFA Services	Contingency; Efficiency target	
<b>Secretariat:</b>												
Country Programs	32%	10,286	9,197	(1,008)	2,429	(393)	61					
Strategy, Performance Evaluation & Policy	8%	2,740	7,663	(8,574)	2,737	514	397	3				
Partnerships, Communications & Resource Mobilization	133%	4,449	3,832	815	144	(312)	(298)	(128)	396			
Office of the Executive Director	0%	5	202	(310)	214	(81)	(19)					
Corporate Services	3%	160	5,864	(8,991)	850	12	2,201	224				
Finance	450%	2,457	1,564	305	581	7						
Office of the Chair of the Board	21%	116	4		131		(19)					
<b>Secretariat</b>	<b>13%</b>	<b>20,212</b>	<b>28,326</b>	<b>(17,764)</b>	<b>7,085</b>	<b>(252)</b>	<b>2,341</b>	<b>80</b>	<b>396</b>			
Office of the Inspector General	117%	3,627	1,492	716	1,147	59	40	173				
Funding of CCMs									39			
In-country Oversight	19%	9,350								9,350		
<b>Total, before efficiency target</b>	<b>16%</b>	<b>33,189</b>	<b>29,818</b>	<b>(17,047)</b>	<b>8,232</b>	<b>(194)</b>	<b>2,381</b>	<b>253</b>	<b>396</b>	<b>9,350</b>		
<b>Total Operating Expenses</b>	<b>-100%</b>	<b>2,000</b>									<b>2,000</b>	
		17%	48%	-48%	23%	-1%	7%	1%	1%	-100%	19%	
		100%	85%	-48%	23%	-1%	7%	1%	1%	-100%	27%	

Note: The assumption per budget Version 2a that 30 positions will remain unfilled at the end of 2009 reduces the 2009 budget by US\$ 4.7 million to US\$ 240.2 million, and reduces the increase compared to 2008 from US\$ 35.2 million to US\$ 30.5 million.

The foregoing is prior to addition of the budget contingency of up to 10% of the budget.

## PART 5: RATIOS

The table below illustrates trends in activity volumes and resource needs, and the resultant ratios.

Note: the ratios reflect Version 2a of the budget (570 staff positions in 2009)

		2007	2008	2009	Increase 2008 to 2009	
		Actual	Budget	Budget		
<b>Key Numbers:</b>						
Operating Expenses	\$m	117	210	240	31	15%
Staff Positions	#	341	470	570	100	21%
Staff FTE	#	301	385	550	165	43%
Grant Commitments (increment) in Year	\$m	2,861	2,657	4,600	1,943	73%
Total Expenditure in Year	\$m	2,978	2,867	4,840	1,974	69%
Grant Disbursements in Year	\$m	1,759	2,200	3,000	800	36%
Value of Active Grants	\$m	8,190	10,000	13,800	3,800	38%
Number of Active Grants (average for the year)	#	402	439	437	(2)	0%
Number of new grants approved	#	95	92	146	54	59%
<b>Budget Framework ratios:</b>						
		2007	2008	2009	If contingency utilization is	
		Actual	Budget	Budget	Framework	
Operating Expenses (OpEx) as % of:						5% 10%
<b>1. Operating Expenses as % of Total Expenditure</b>		3.9%	7.3%	5.0%	<6%	5.2% 5.5%
<b>2. Grant Commitments per Employee (FTE)</b>	\$m	9.5	6.9	8.4	<\$8.8m	
<b>Other ratios:</b>						
Operating Expenses as % of Value of Active Grants		1.4%	2.1%	1.7%	(KPI: <3%)	1.8% 1.9%
Operating Expenses as % of Grant Disbursements in Year		6.7%	9.5%	8.0%		8.4% 8.8%
Operating Expenses per active grant	\$k	292	478	550		577 605
Value-added per employee (FTE):						
Total Expenditure in Year per employee	\$m	9.9	7.4	8.8		
Grant Disbursements in Year per employee	\$m	5.8	5.7	5.5		
Value of Active Grants per employee	\$m	27.2	26.0	25.1		