36th Board Meeting

Prioritized Action Plan (PAP) to Accelerate Management for Impact

For Board Information

GF/B36/27
Montreux, Switzerland
16-17 November 2016
Help the Secretariat and the Board monitor, **assess and oversee in real time the implementation of our strategy** to achieve the best possible **impact** with the investments we make.

Reinforce a **Risk Management Culture** by prioritizing initiatives and actions that will enhance mitigation of identified risks (supply chain, program quality and financial management) in our delivery for impact. It further strengthens core internal control principles, consistency, accountability and responsibility as **key drivers to effective risk management** in the decision-making.

That single-minded plan is helping us to **improve our governance and our risk management** through an enhancement of our **maturity level**. It is giving us a holistic view of interconnected initiatives at the Global Fund and supports implementation of our strategy, and guide us to **Operation Excellence**.
Prioritized Action Plan enables “Strategy Implementation”

Benefits of Prioritized Action Plan

- Collective leadership & endorsement by the Board & MEC
- Focus on initiatives aligned with corporate strategy and enhances operational efficiency.
- Proactive vision rather than reactive actions
- Introduction of a deliverable-oriented culture
- Coordinated & cross-cutting approach supported by Corporate governance
Prioritized Action Plan fosters operational excellence

<table>
<thead>
<tr>
<th>Focus</th>
<th>Optimized by <strong>allocating resources to Corporate priorities</strong> with a comprehensive <strong>holistic vision</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactive</td>
<td>Improve <strong>decision-making, risk identification and mitigation</strong> by aligning strategic vision with operational reality</td>
</tr>
<tr>
<td>Deliverable-oriented</td>
<td>Develop a culture of <strong>accountability</strong> &amp; reinforce stakeholder responsibility driven by rigor and timely monitoring</td>
</tr>
<tr>
<td>Coordination &amp; Governance</td>
<td>Foster efficient <strong>collaboration</strong> and create synergy across divisions</td>
</tr>
<tr>
<td>Leadership</td>
<td>Set the tone that drives <strong>ownership</strong> and guarantees <strong>stability and consistency</strong></td>
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</tbody>
</table>
Project Management lessons learned

Key Success Factors

For many of the actions, the design and relevant process documents are in place. However, the change and impact on implementation is a medium-to-long term (12 months or more) target and not an immediate-to-short term (6-12 months). The key enablers of success for impact of these actions will be:

- Stability (avoid changing the “Change”)
- Agility
- Continuous Improvement

Example of Finance Step Up Project

<table>
<thead>
<tr>
<th>Q2/2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy definition &amp; Design</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Execution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Continuous improvement</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>External Audit Management:</th>
<th>37</th>
<th>25</th>
<th>19</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>MLP</td>
<td></td>
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</table>

Example of Finance Step Up Project

- Continuous improvement
- Multi-currency Disbursement
- Portfolio optimization
- Hedging
- In-Country Capacity Building

- Measured benefits
  - Effective controls
  - Consistency
  - Internal treasury function
  - Operational efficiencies
  - Optimization of cash balances
  - Reliable Forecast

- Execution
  - Maintain the guiding line
  - Arbitrate & decision-making
  - Alignment and Quality Assurance

- Strategy definition & Design
  - Stabilize the requirement
  - Define expected targets
  - Data cleaning and migration

- Audit
  - Highlight areas of improvement
  - Trigger manual construction of grant financial records

- Example of Finance Step Up Project

Q2/2012 2013 2014 2015 2016

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- Example of Finance Step Up Project
Prioritized Action Plan

The result of PAP initiatives will help to accelerate improvement in the maturity level of the organization by 2018.

53 Actions
- 22 mainstreamed actions
- 31 project related actions

18 Deliverables
- 5 mainstreamed actions
- 13 project related actions

1 Deliverable
- 1 mainstreamed action

9 Ongoing Projects

54% of 2016-2018 deliverables are completed

95% of deliverables due for end of August are completed
Trajectory and overall Status of PAP actions (forward looking)

For the current reporting period, many deliverables are still in "Design" and NOT "Execution" phase.

The actions have been delivered as planned, and no major risks identified to impact execution.
## Deliverables Update Report

### Current status of key initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Indicators</th>
<th>End of September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy Planning and Implementation</strong></td>
<td>- No milestone as end of September</td>
<td>End of September 2016</td>
</tr>
</tbody>
</table>
| **Differentiation for Impact (D4I)**    | - Approved Country Categorization with high level definitions of scope and impact  
                                          | - People Strategy for Focused, Core and HI portfolios Approved               
                                          | - Approved Roles and Responsibilities Matrix*                              | End of September 2016  |
|                                         | - Finalized and roll-out trainings for at least 90% of the country teams   |                        |
| **Implementation through Partnership**   | - Collective Analysis of 20 Countries Convened                             | End of September 2016  |
|                                         | - Actions Identified & Prioritized                                         |                        |
|                                         | - Mobilization and Coordination of Technical Support Finalized             |                        |
|                                         | - Actions Implemented in-country, Results Monitored                       |                        |
| **Procurement and Supply Chain Improvement** | - No milestone as end of September                                       | End of September 2016  |

* Not yet been validated because the document has been finalized by D4i in draft, but some parts are pending in other areas (for example Grant Making - A2F). Rescheduled in November.
Current status of key initiatives

**Supply Chain Optimization**
- Document of network design
- Agreement from countries to participate
- Request for Proposal for support to carry out project

**Accelerated Integration Management (AIM)**
- Approved end to end business process design
- Finalize a risk management process flow
- Roll-out of the new operating system that provide grant portfolio data from PRs

**Program and Data Quality**
- No milestone as end of September

**Financial Management Capacity (Co-Link)**
- Approved Roadmap and project structure

**Country Presence Model**
- Comprehensive list of country presence options
- Assessed list of viable country presence options / Costing Model
- Paper for country presence to be discussed by the Strategy Committee

**Indicator**
- **Very satisfactory**
- **Satisfactory**
- **So-so**
- **Not satisfactory**
- **Disappointing**
- **n/a**

**Bold:** delivered during the last quarter
**Light Grey:** delivered before last quarter
**Yellow:** Final validation of the document not delivered on time

**Deliverables Update Report**

**Financial Management Capacity (Co-Link)**

**Country Presence Model**

**Accelerated Integration Management (AIM)**

**Program and Data Quality**

**Supply Chain Optimization**

End of September 2016
## Current status of key initiatives

### Strengthening Internal Controls of Key Processes & Risk Oversight
- Internal controls for 12 core processes strengthened & formalized (80% COSO compliant)
- End of September 2016

### Assurance Practices
- Completed Key Risk Matrix per each country
- Assurance Assessment per each country
- OPN/Guidance Note
- Staff Training Module
- Completed Key Risk Matrix Assurance Assessment
- List of key assurance needs, the most probable options for each assurance need (with pros and cons)
- RFI launched to seek information from possible providers
- Complete budgeting exercise to increase funding to SC assurance
- End of September 2016

### FCER (Financial Control Environment Reviews)
- Formal opinion on the reliability of financial controls within the high-risk Nigeria grants over the period 1 June 2015 to 30 April 2016, including formal testing of expenditures to ensure in alignment with the approved grant budgets.
- End of September 2016
Deliverables Update Report

Current status of key initiatives

**Risk Management Engagement**
- Integration of risk’s management team’s view in grant management decision making processes.
- Revised criteria, country list and updated Country Risk Dashboard
- Minutes of the ORC with key decision points
- “Operational Plan on Risk Department Engagement Model vis-à-vis Grant Management” shared with GMD and Senior Management
- **Complete and consulted OPN approved by EGMC**
- ERC Minutes
- Risk Report together with latest Corporate Risk Register submitted to the Board
- **Country Risk Dashboard**
- Updated dashboard with focus on effective and timely mitigation actions
- Alignment of results with Assurance Assessment & Planning Matrix

**Project Management**
- Resources allocated for PMO function and team structure
- PMO Standard toolkit and governance model for monitoring
- Approved project management competency level for training and identification of training provider
- Training initiated for the basic and intermediary project and change management competencies

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End of September 2016
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<tr>
<th>Risk Report</th>
<th>Objective: Detail emerging risks that could potentially impact project success and identify if escalation to Board and/or committees is required.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Name</td>
<td>Risks</td>
</tr>
<tr>
<td>Initiative</td>
<td>Risk description</td>
</tr>
<tr>
<td>n/a</td>
<td>Ambitious plan especially for 2016.</td>
</tr>
<tr>
<td>Supply Chain optimization</td>
<td>Deliverables tracking not adapted to revised Supply Chain priorities</td>
</tr>
<tr>
<td>D4i: “approved responsibility matrix”</td>
<td>Not yet been validated in September - document has been finalized by D4i project in draft, however, important sections are being finalized (for example Grant Making).</td>
</tr>
</tbody>
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