36th Board Meeting

Prioritized Action Plan (PAP) to Accelerate Management for Impact

For Board Information

GF/B36/27
Montreux, Switzerland
16-17 November 2016

S The Global Fund

Prioritized Action Plan

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"

Global Fund Strategy to "*Accelerate Management for Impact*"

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**

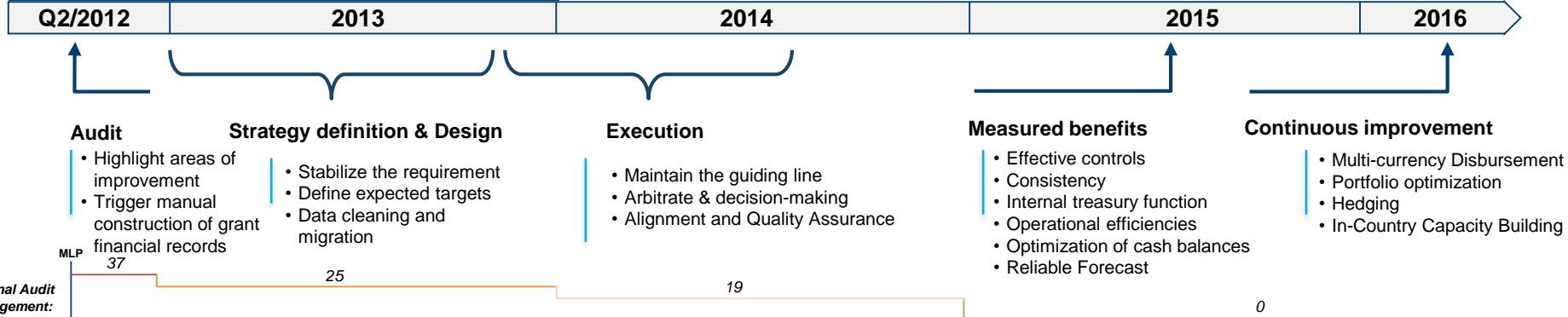# Prioritized Action Plan fosters operational excellence

Leadership	Set the tone that drives **ownership** and guarantees **stability and consistency**
Focus	Optimized by **allocating resources to Corporate priorities** with a comprehensive **holistic vision**
Proactive	Improve **decision-making**, **risk identification and mitigation** by aligning strategic vision with operational reality
Deliverable-oriented	Develop a culture of **accountability** & reinforce stakeholder responsibility driven by rigor and timely monitoring
Coordination & Governance	Foster efficient **collaboration** and create synergy across divisions

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:
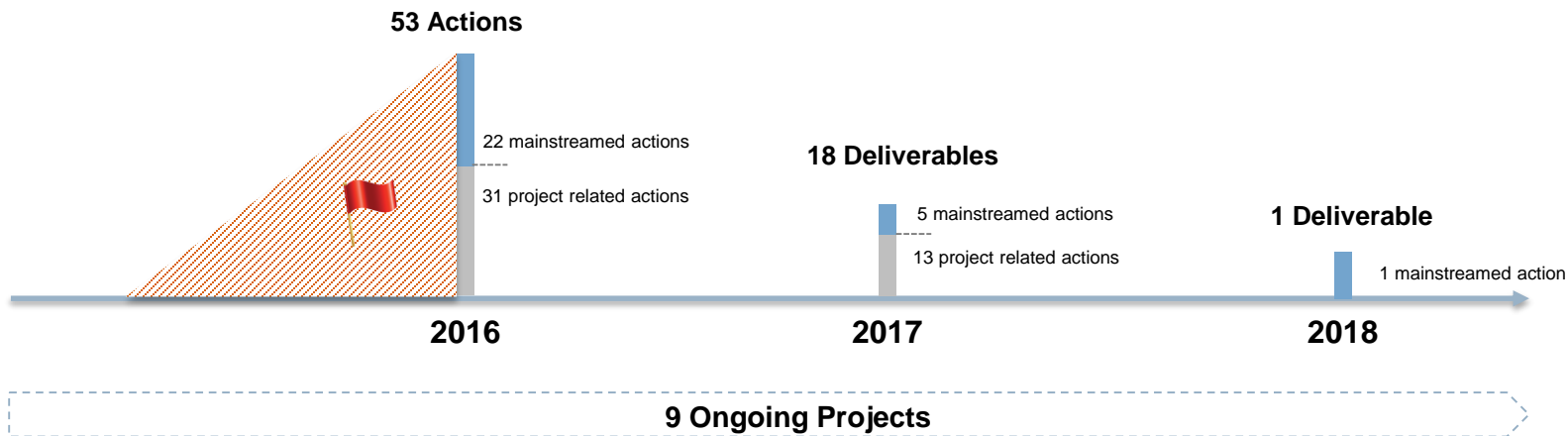- **Stability (avoid changing the "Change")**
- **Agility**
- **Continuous Improvement**

Example of Finance Step Up Project

| Q2/2012	2013	2014	2015	2016

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

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

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

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

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

MLP

External Audit Management: 37   25   19   0

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

2016　　　　　　**2017**　　　　　　**2018**

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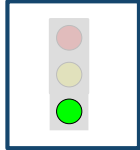
For the current reporting period, many deliverables are still in "**Design**" and NOT "**Execution**" phase.

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

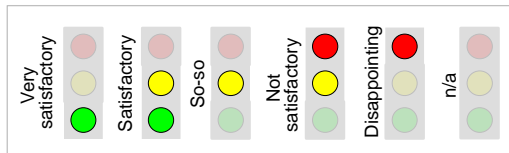| Strategy Planning and Implementation	Supply Chain Optimization	Country Presence Model	Risk Management Engagement
Differentiation for Impact (D4I)	Accelerated Integration Management (AIM)	Strengthening Internal Controls of Key Processes & Risk Oversight	Project Management
Implementation through Partnership	Program and Data Quality	Assurance Practices	
Procurement and Supply Chain Improvement	Financial Management Capacity (Co-Link)	FCER (Financial Control Environment Reviews)	

Indicator

Very satisfactory | Satisfactory | So-so | Not satisfactory | Disappointing | n/a

Deliverables Update Report

Current status of key initiatives

Indicator

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

Bold: delivered during the last quarter

Light Grey: delivered before last quarter

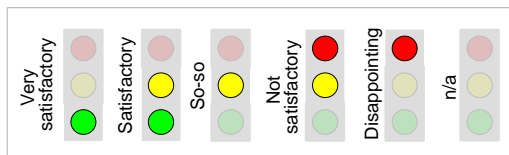Yellow: Final validation of the document not delivered on time

Strategy Planning and Implementation		No milestone as end of September	End of September 2016
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* • Finalized and roll-out trainings for at least 90% of the country teams	End of September 2016
Implementation through Partnership		• Collective Analysis of 20 Countries Convened • Actions Identified & Prioritized • Mobilization and Coordination of Technical Support Finalized • **Actions Implemented in-country, Results Monitored**	End of September 2016
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.

Deliverables Update Report

Current status of key initiatives

Indicator

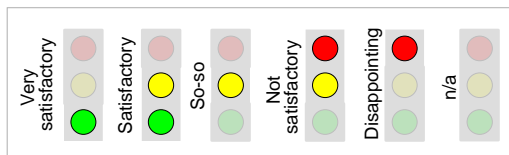|	Very satisfactory	Satisfactory	So-so	Not satisfactory	Disappointing	n/a

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Supply Chain Optimization	• Document of network design • **Agreement from countries to participate** • **Request for Proposal for support to carry out project**	End of September 2016
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**	End of September 2016
Program and Data Quality	No milestone as end of September	End of September 2016
Financial Management Capacity (Co-Link)	• Approved Roadmap and project structure	End of September 2016
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**	End of September 2016

Deliverables Update Report
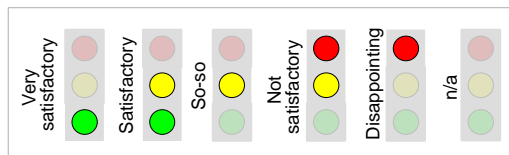
Current status of key initiatives

Indicator

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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

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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**

End of September 2016

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

End of September 2016

Risk Report	Objective: Detail emerging risks that could potentially impact project success and identify if escalation to Board and/or committees is required.		
Project Name	**Risks**	**Mitigation strategy**	**Need of escalation**
Initiative	**Risk description**	Mitigation	Yes/No
n/a	Ambitious plan especially for 2016.	Robust governance with monthly follow up by PMO	No
Supply Chain optimization	Deliverables tracking not adapted to revised Supply Chain priorities	Review and alignment of deliverables by new Head of Supply Chain & stakeholders to be performed in Q4 taking into account lessons from the wave 1 pilot (Nigeria, Ghana and Malawi) ➔ Initiated	No
D4i: "approved responsibility matrix"	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).	No impact on other initiative, this has been reprioritized to October 2016 for approval by EGMC.	No