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of the Global Fund

OPERATING BUDGET AND WORKPLAN FOR 2016 APPROVED

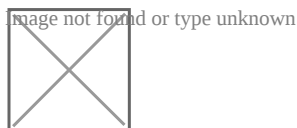
The Global Fund Board has approved an operating budget of \$305 million for 2016, which includes \$16.3 million for the Office of the Inspector General. This compares to actual expenditures of \$286 million in 2014 and projected expenditures of \$296 million for 2015.

If the Fund spends the full \$305 million for 2015, it will have spent \$887 million for the period 2014-2016. When it approved the resources available for 2014-2016 for allocation to countries, the Board committed to keeping operating expenses within \$900 million for these three years combined.

The 2016 operating budget is less than 2.4% of the value of grants under management. This compares favorably with comparable organizations.

Of the \$305 million budget, 28% is for the Grant Management Division and 32% is for support functions. See the figure below.

Figure: Breakdown of 2016 budget by core activity



Notes:

1. Grant Management includes all Grant Management Division except LFA fees.
2. Support functions include Communications, Legal, Finance, IT, Governance, Human Resources, Sourcing, Administration, E.D. office and central reserves (HR); it excludes the Risk Department

Source: Board Document GF-B34-14

The Global Fund said that to stabilize the budget for the next replenishment period, it is adopting a zero-based budgeting approach for the 2017 budget.

Workplan and budget narrative

The Board also approved the 2016 corporate workplan and budget narrative. The Fund has defined five corporate priorities for 2016:

1. Optimize funding implementation for maximum impact.
2. Develop and implement the Global Fund Strategy.
3. Improve data and systems.
4. Support a successful replenishment.
5. Invest in people.

Of the \$305 million operating budget, \$31 million has been allocated to these priority work streams. The remaining \$272 million is for the core activities of the Fund.

Here is a brief summary of what the work plan said about each of the five priorities:

Optimize funding implementation for maximum impact (\$9.9 million). In 2016, the focus of operations will shift from grant making to grant implementation. This will mean changes to the way business is done in the Secretariat to ensure grant management is differentiated to align with country needs, and to enable the introduction of innovations such as the E-Marketplace (see below).

Develop and implement the Global Fund Strategy (\$6.3 million). In 2016, the Secretariat will need to prepare for an effective and timely roll out of the Strategy. The focus will be on policy and early implementation of work on complex operating environments, sustainability, resilient and sustainable systems for health, human rights, and gender. Some re-alignment of resources within the secretariat will be required.

Improve data and systems (\$12.4 million). At the country level, the aim will be to improve program quality and efficiency. At the Secretariat level, the aim will be to better integrate data, systems and analysis into working practices. Project AIM (Accelerated Integration Management) will address challenges identified in the Secretariat's grant management platform. (See more on data issues below.)

Support a successful replenishment (\$1.7 million). Replenishment efforts in 2016 will focus on supporting increased domestic commitments as well as engagement with existing and new donors from the public and private sector in the run-up to the replenishment conference scheduled for mid-2016.

Invest in people (\$0.6 million). In 2016, there will be a significant focus on staff engagement and development, including a staff engagement survey. Such a survey was done at least once before (in 2012).

The Corporate Workplan and Budget Narrative 2016 document also includes a section where a budget and priority activities are shown for each strategic objective and strategic enabler in the existing 2012-2016 Strategy. [Editor's note: We have chosen not to report on these budget amounts here because they can be easily misinterpreted. For example, Strategic Objective 4 (Promote and protect human rights) shows a budget of \$2 million. However, this does not include work dealing with human rights issues in day-to-day grant management or assurance activities; the provision of technical support on human rights to implementers; nor the sums invested in human rights interventions in grants.]

Below, we summarize some of the priority interventions planned for 2016.

Data quality. The Global Fund acknowledges that current systems do not provide the level of quality data required for intelligent investment decisions. The Data Management for Impact initiative, launched in 2015, will focus on three projects in 2016: (1) to advance impact modelling; (2) to improve results tracking; and (3) to strengthen country data systems and program quality.

In-country, the Data Management for Impact initiative aims to strengthen data, analysis and decision-making at district and national levels. This will include work with partners to support deployment of health management information systems or district health information systems that link directly with logistic management information systems. (LMIS are the systems by which data flows from the service delivery sites through intermediary levels to the central level.)

The work will also include the roll-out of health facility assessments and evaluations of service quality by community-based organizations. Key areas of focus include the integration of surveillance into health management information systems for better case reporting; and disaggregation of data by sex, age, and population of interest.

Improving absorption. Because the use of funds at country level has been progressing at a slower rate than forecast, in 2016 the Implementation Through Partnership initiative will attempt to alleviate bottlenecks to program implementation, increase operational efficiency, and maximize impact. This work will initially focus on three areas: financial capacity, health product management, and programmatic capacity.

E-Marketplace. Pilot testing of the E-Marketplace will begin in 2016. The aim of this platform is to provide affordable, accessible, high-quality products to countries while automating procurement processes and increasing efficiency. The goal is to strengthen sustainable procurement practices, increase transparency across the market, shorten lead times, reduce stock outs and generate savings.

Increasing differentiation. In 2016, grant management processes for countries operating in low disease burden and low risk settings will be simplified. In addition, differentiated approaches to risk and assurance will be rolled out, based on the results of pilots conducted in 2015.

Human rights. The Secretariat acknowledges that investments in human rights programming have remained limited to HIV programs in a relatively small number of country or regional proposals. In addition, investments have often focused on interventions that do not necessarily result in change within the short life cycle of a grant, such as legislative reviews and advocacy to change laws and policies.

In 2016, the Global Fund will collaborate with partners in three areas: (1) to identify barriers to greater uptake of human rights programs, and to identify countries with the greatest need and opportunities for introduction and scale-up of these programs; (2) to improve the evidence base on the effectiveness of human rights interventions generally; and (3) to better monitor and evaluate the effectiveness of human rights interventions funded by the Global Fund – and to model the health impact of these investments with the goal to reach consensus on an impact measurement framework for human rights.

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The corporate workplan and budget narrative contains a chart showing expected deliverables and outcomes for each major activity, organized by strategic objective and strategic enabler.

The operating budget, Board Document GF-B34-14, and the workplan and budget narrative, Board Document GF-B34-13, should be available shortly at www.theglobalfund.org/en/board/meetings/34.

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