

# Operational Policy Note

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## Strategic Initiatives Design, Approval, Implementation and Closure

**Approved on:** February 1, 2023  
**Approved by:** Executive Grant Management Committee  
**Process Owner:** Strategic Investments and Impact Division

### Overall Objective

1. Global Fund catalytic investments support programs, activities and initiatives that complement country allocations and are essential to achieve the aims of the Global Fund Strategy and global partner plans.
2. Catalytic investments are comprised of three investment approaches, referred to as modalities: matching funds, multicountry approaches and strategic initiatives (SIs).<sup>1</sup>
3. Strategic Initiatives provide limited funding for centrally managed approaches that cannot be adequately addressed through country allocations alone.<sup>2</sup> They are complementary to other Global Fund investments, levers and processes.
4. Strategic Initiatives are generally implemented over a three-year Implementation Period.<sup>3</sup> Given their aim to complement and support country allocations, this period is generally aligned with the Implementation Period for most Global Fund grants.<sup>4</sup>
5. Each SI has a defined budget, scope and set of programmatic objectives. They are managed by an SI focal point(s) and overseen by the SI Budget Holder.
  - a) Strategic Initiative Budget Holders manage and oversee individual SIs across each phase. They approve SI commitments and expenditures, as well as any important decisions impacting the SI.
  - b) Strategic Initiative Budget Holders are accountable for the SI's financial and programmatic

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<sup>1</sup> Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period. More information on matching funds and multicountry approaches are available on the Global Fund website.

<sup>2</sup> Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.

<sup>3</sup> An implementation period is the period for a specific SI during which the relevant program activities are scheduled to be implemented and completed. SIs may access pre-financing to implement Secretariat-based preparatory activities ahead of the start of the implementation period, to ensure implementation readiness upon GAC approval. Some SIs may leverage additional private sector contributions; while this funding may be received at different points in the SI lifecycle, it is utilized in the defined SI implementation period.

<sup>4</sup>To the extent possible, SIs align to support the grant cycle.

performance, in coordination with the relevant MEC member.

6. The Board affirmed that the Global Fund Secretariat has flexibility to operationalize SIs, with the requirement to update the Strategy Committee (SC) and Board on such operationalization.<sup>5</sup>
7. The Catalytic Investment Program Management Office (CI PMO)<sup>6</sup> provides centralized management support and oversight for the portfolio of SIs by:
  - a) Providing oversight and guidance for business functions, including monitoring the adequacy of controls and performance.
  - b) Providing SI portfolio-level synergy and interdependency management, governance, and reporting.
  - c) Implementing corrective actions to achieve aims and shared KPIs.
  - d) Ensuring rigor and delegated accountability to recommend SIs to GAC for approval.
  - e) Coordinating with GMD, other Secretariat stakeholders for SIs, and with external partners.
  - f) Documenting lessons learned across the SI portfolio to inform improvements and refinements of business processes and operations.
8. In partnership with the CI PMO, SI Business Partners provide guidance and oversight throughout the SI lifecycle. Focal points are assigned from functional teams (Finance, Legal, Sourcing, Risk and Strategy and Policy Hub) within the Secretariat act as SI Business Partners.
9. Strategic Initiatives design and approval, implementation and closure are organized around **key phases**:
  - a) **Design and approval** translate Board approved priorities into programmatic interventions with core documentation that demonstrates value for money, agility and maximizes catalytic potential. Each step leverages the partnership model, including co-creation through situation rooms and other fora; review (e.g., the Technical Review Panel); and approval through the Grants Approval Committee (GAC).
  - b) **Implementation** focuses on SIs delivering on catalytic potential, including the key shifts needed based on a changing context.
  - c) **Closure** ensures that agreed deliverables are accounted for, financial commitments and financial obligations are addressed, and withdrawal of SI funding is organized and well-planned.

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<sup>5</sup> Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.

<sup>6</sup> The CI PMO was established by the Global Fund Executive Director in 2020.



10. The following **core principles** are considered in all phases of the SI lifecycle:

- a. **Catalytic potential:** Strategic Initiatives are designed around a theory of change that outlines the expected catalytic effect and an efficient and feasible strategy to achieve it. Strategic Initiatives design and the underlying theory of change are based on evidence and lessons learned, as applicable. Strategic Initiatives implementation must remain aligned with Grant Approvals Committee (GAC) approval, ensuring that SIs are implemented within their approved scopes and with attention to any other relevant requirements. Where course correction is needed, transparency with GAC is maintained.
- b. **Country-focused:** Strategic Initiatives support country-level results, even when the SI is global or cross-cutting in focus. The design, review and implementation of SIs considers complementary investments in support of the achievement of country and grant results. Country Teams, the Grant Management Division, and partners in-country support this objective.
- c. **Transparency and value for money:** the unique structure and partnership arrangements of SIs make transparency critical; transparency into both inputs and results allows for effective oversight and analysis of value for money. Value for money relies also on compliance with the Global Fund's fiduciary policies, procedures and practices. Investments are tied to quality outcomes, with the design and approval process structured to facilitate effective implementation and value for money.
- d. **Accountability and rigor:** Strategic Initiative Budget Holders, the CI PMO, SI Business Partners and other Secretariat stakeholders fully own differentiated accountabilities across all stages of the SI cycle; as well as collective accountability for shared deliverables.<sup>7</sup>
- e. **Data-driven adjustment and learning:** implementation and planning should adjust when needed to maximize efficiency and effectiveness; it is critical that such changes follow established processes and engage GAC where required. Adjustments should be driven by data and informed by ongoing learning. Learning should likewise inform strategic decisions on priorities and design for potential future SI cycles.
- f. **Right-sized processes:** processes should be fit-for-purpose, balancing robust oversight with the need for SI agility. Rather than developing new processes, existing Secretariat processes should be leveraged and adapted as needed to support specific SI needs.

<sup>7</sup> Reference Overall Objective section for overview of roles and responsibilities.

## Operational Policy

1. This Operational Policy Note defines key policies and requirements across the SI cycle.<sup>8</sup> It is intended for use both by Global Fund Secretariat teams directly involved in SI management and other teams that engage with SIs. It also provides further transparency for key external stakeholders as part of the SI partnership model.
2. This OPN is updated, as necessary, to reflect changes in SI management policies and approaches. The Global Fund reserves the right to interpret the OPN. Questions relating to the OPN's application to specific Global Fund-supported programs should be addressed to the CI PMO.
3. The Emergency Fund SI is managed in line with the Guidelines on the Emergency Fund Strategic Initiative. Likewise, the CI PMO is allocated SI funds but is managed separately, in line with the Memorandum on Strengthening the SI Program Management Office.
4. In addition to catalytic funding provided by the Global Fund, private donors may provide funding that contributes to catalytic investments, including those implemented through an SI modality. In such cases, the SI will leverage external resources in key technical areas and/or geographic regions, aligned with the Board approved catalytic priority, in accordance with the Board approved Policy on Restricted Financial Contributions. In general, funds contributed by the private sector are managed in line with the processes outlined in the OPN,<sup>9</sup> but with appropriate differentiation in certain areas based on the terms of the relevant private sector financing agreements.



### A. Identify, Prioritize and Allocate Funding to Strategic Initiatives

15. Building from the objectives of the Global Fund Strategy, an initial set of priorities is identified and developed through a consultative process that engages multiple teams within the Secretariat, as well as technical partners, communities and other advisory groups. The Secretariat applies criteria to prioritize investment areas before submitting proposed catalytic investment priorities to the SC.<sup>10</sup>

<sup>8</sup> The OPN references but does not attempt to restate relevant rules and regulations as outlined in other Global Fund materials.

<sup>9</sup> Detail relevant to private sector contributions to SIs to go into effect in the 2023-2025 Allocation Cycle.

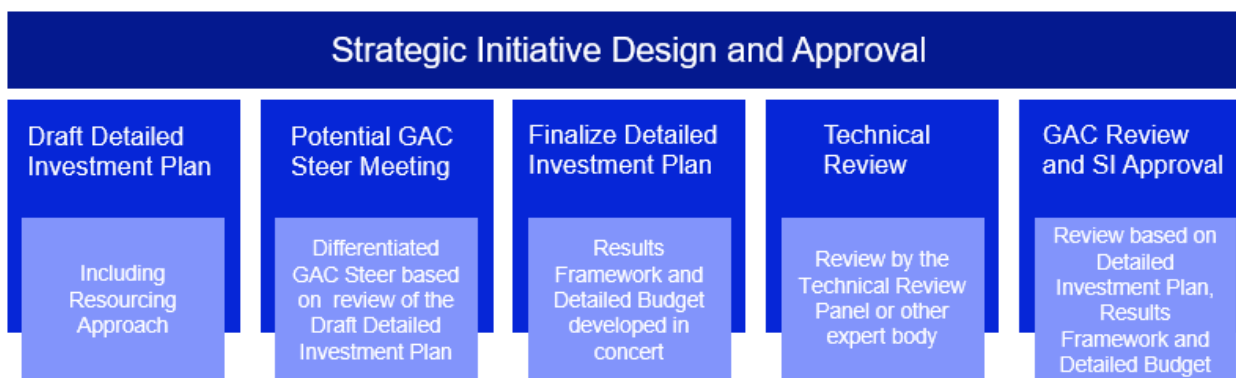
<sup>10</sup> Criteria listed is relevant to 2023-2025 Allocation Cycle and may be updated for future cycles.

Criteria focus on strategic impact, including **potential for increased impact** and **operational considerations** focused on how effectively the investment can be operationalized.

16. These priorities (and proposed/illustrative modality) are recommended to SC by the Secretariat. Strategy Committee then recommends to the Board catalytic investment priorities with associated amounts under different potential funding scenarios, considering the trade-offs of amounts set aside for catalytic funding vs. funding available to scale up country allocations.
17. In addition to funding for catalytic investments available through the Global Fund, private sector donors may provide funds that contribute directly to Board approved catalytic priorities, serving to support investments in critical strategic areas, leveraging the processes and structures in place.
18. Following Board approval of catalytic investment priorities aligned with sources and uses of funds, GAC confirms how the catalytic investment priority will be operationalized (as an SI, multi-country approach or matching funds). If there is a change in the illustrative modality approved by SC for a specific priority, GAC also determines the distribution of catalytic funding.

## B. SI Design and Approval

19. **GAC** is the core body charged with approving the overall SI intervention package ahead of implementation. This is in line with Board approval of catalytic investments,<sup>11</sup> requesting the Secretariat to implement a rigorous approval process with oversight by a review body with clear and transparent management of conflicts of interest; and the capacity to execute a credible, robust technical review process on the activities, mechanisms, and the requested amounts.<sup>12</sup> Strategic Initiatives must be approved by GAC *before* the start of implementation.<sup>13 14</sup>
20. The SI design and approval process occurs in five key stages. The process is differentiated where appropriate and ensures implementation readiness of the SI upon the implementation period start date.



### Develop Draft of Detailed Investment Plan

21. The first draft of the Detailed Investment Plan is developed for all approved catalytic investment priorities to be implemented as an SI. The draft plan provides a high-level overview of the objectives, anticipated impact, and planned approach of the SI. Strategic Initiative Budget Holders develop the

<sup>11</sup> Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.

<sup>12</sup> Where known, private sector contributions to Board-approved SIs are considered as part of the overall approval package and requested amount reviewed by GAC. If private sector contributions are provided following SI GAC approval, the Revision process outlined in Section F of the OPN governs this addition of funding to the SI. To go into effect in the 2023-2025 Allocation Period.

<sup>13</sup> Excluding approved planning costs. Note that some SIs may be approved in separate phases; implementation will only commence following approval of the relevant phase.

<sup>14</sup> The process described includes approval of Private Sector SIs.

draft plan in consultation with the CI PMO and other relevant stakeholders, including Country Teams/GMD<sup>15</sup> and Technical Partners.<sup>16</sup>

22. The theory of change is a key element of the draft Detailed Investment Plan. It outlines how the SI's planned activities and inputs will produce the intended catalytic effect.
23. The draft Detailed Investment Plan includes a Summary Budget for the SI, with a high-level breakdown of the investment in terms of key deliverables/components, supporting rationale and, where possible, allocation by implementer and year. Strategic Initiative Budget Holders are responsible for developing the Summary Budget (and Detailed Budget later in the SI development process)<sup>17</sup> and ensuring that they are consistent with expected budget attributes to maximize impact.
24. The proposed SI budget may be less than the total amount approved by the Board for the relevant catalytic investment priority. This may be the case if the total amount approved for the catalytic investment priority exceeds the actual, anticipated amount that will be needed to implement the SI; or if the SI will be implemented in distinct phases and the SI budget captures only the first phase. In some cases, a single approved catalytic investment priority may also be split into multiple sub-components, each of which is implemented functionally as a distinct SI. Such approaches are discussed with the CI PMO and SI Business Partners and reflected in the draft Detailed Investment Plan.

### **Determine Resourcing Approach**

25. Strategic Initiative Human Resource (HR) planning is conducted ahead of the start of each cycle, based on the catalytic investment proposals (including indicative modalities) submitted to the Board. Strategic Initiative specific planning is carried out in line with the Integrated Organizational Planning for the organization.
26. Following an iterative process, assigned SI Budget Holders submit a resourcing plan based on the anticipated implementation model of the SI, level of planned activities and other relevant considerations. The CI PMO and Business Partners review these requests, and they form part of the FTE allocation approved by the Executive Director and approved by MEC, per Integrated Organizational Planning processes. Strategic Initiative resourcing plans are also approved by GAC.<sup>18</sup>
27. Strategic Initiative HR costs are funded by the individual SI budgets; the number of FTEs per SI is expected to remain within this pre-defined number approved by MEC.<sup>19</sup> FTEs are fully reflected in the budget for review and approval by GAC, whether engaged as a staff member or consultant.<sup>20</sup>
28. HR plans are based on planned SI activities and outcomes. Required expertise to achieve outcomes are articulated during SI design, with terms of reference developed and graded in line with HR policies. Strategic Initiative resourcing plans will appropriately balance the need for technical expertise, program management and internal oversight, and the total funding available to the SI. The plan leverages opportunities to streamline and create efficiencies including through centralized SI

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<sup>15</sup> This includes documented Country Team concurrence should the SI plan to implement in that country.

<sup>16</sup> The CI PMO will provide a Detailed Investment Plan template for the relevant three-year implementation period.

<sup>17</sup> The CI PMO leverages dedicated financial expertise and coordinates contributions from the external Finance team. The CI PMO provides relevant templates, instructions, support and oversight in the budget development process, accessible through SharePoint. A standard template is used for all SI budget submissions, though the level of budget details may vary depending on the stage of review. SI Teams are required to complete both the Internal and External Budget sections.

<sup>18</sup> Where known, FTEs funded specifically by private sector contributions will be included in submissions to MEC and GAC for transparency and a comprehensive view of resource planning. If not known at the time of the FTE request, Section F on Revision applies. To go into effect in 2023-2025 SI cycle.

<sup>19</sup> Changes to FTE levels are governed by Section F on Revision.

<sup>20</sup> The costs of FTE resources focused on management of the SIs are reflected in the Internal Budget. FTEs, including consultants engaged on a continuous basis, for prolonged periods, without a specific deliverable, and receive monthly pay, are classified under the Human Resource cost grouping of the Internal Budget.

administration and synergies.

29. FTE terms of reference are developed by the SI Budget Holder and reviewed by HR to confirm that SI positions are reflective of strategic and surge needs; aligned with pre-approved FTE plans; and confirmed that positions funded by SI resources are tied to SI-focused activities and outcomes.
30. To support SI design and expedite program delivery, funds for certain eligible planning costs, including but not limited to FTEs, may be approved by GAC. These costs are funded from the relevant, indicative SI envelope, as approved by the Board.<sup>21</sup>
  - a) Eligible planning costs are limited to costs for Secretariat-level activities necessary for finalization of the Detailed Investment Plan (see section on Detailed Investment Plan).<sup>22</sup> Expenditures that are part of program implementation and/or service delivery are not permitted.
  - b) The maximum amount allowed for planning costs for a specific SI is either 10% of the SI total approved envelope or US\$ 500,000, whichever is smaller; higher amounts require approval by the Chief Financial Officer.<sup>23</sup>
31. In some cases, SIs may recognize the need for pre-financed FTEs early in the SI design process (ahead of development of the draft Detailed Investment Plan). When this is the case, the CI PMO will aggregate justified requests for pre-financed FTEs and submit these to GAC for approval. FTE needs recognized later in the SI design process will be requested by the SI Team.
32. In determining the resourcing approach, SI Budget Holders consider that 1% of the SI budget is allocated to CI PMO operational costs<sup>24</sup> including centralized administrative support and assurance activities.

### **GAC Steer**

33. The GAC Steer meeting represents an opportunity for SI Budget Holders to seek and receive early feedback and strategic direction from Executive GAC and Partners during the development of the SI. GAC Steer follows a differentiated approach, based on the attributes and needs of the specific SI. The draft Detailed Investment Plan serves as the core document for GAC Steer.
34. Strategic Initiatives that request pre-financed FTEs will proceed to GAC Steer, unless this request is known early and requested on behalf of the SI by the CI PMO. SIs with pre-financing requests beyond FTEs are required to engage in GAC Steer. In all other cases, the need for GAC Steer will be determined by SI Business Partners based on review the draft Detailed Investment Plan, using consistent criteria. In addition, SIs may choose to engage in GAC Steer.
35. For SIs that engage in GAC Steer, GAC will either recommend that the SI proceed with finalization of a Detailed Investment Plan or iterate. As described above, if GAC recommends proceeding, the SI may access pre-financing from the Board-approved envelope to ensure implementation readiness<sup>25</sup> (see 32. for eligible costs).
36. If GAC recommends iteration, details on the specific issues that require attention and actions to be taken in response will be shared. A second GAC Steer meeting will be held following iteration.

### **Finalize Detailed Investment Plan**

37. The Detailed Investment Plan is finalized following review of the draft Detailed Investment Plan by

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<sup>21</sup> Board Decision Point with SI envelopes/values updated for each funding cycle.

<sup>22</sup> Eligible activities include recruitment and salary costs for unique expertise essential for development of the Detailed Investment Plan.

<sup>23</sup> In such cases, the CI PMO will submit a formal memo to the CFO following GAC Steer requesting an exception to this limit.

<sup>24</sup> This percentage was affirmed by the Global Fund Executive Director in establishing the CI PMO, though the Secretariat retains flexibility in the application of this percentage across SIs and budget components.

<sup>25</sup> Please see paragraph 30 for eligible costs.

SI Business Partners and/or GAC Steer. It expands on the initial draft, providing a comprehensive overview the planned SI strategy, implementation arrangements, activities/objectives, target countries and exit strategy/succession planning. It is also tailored to new and continuing SIs.

38. In finalizing the Detailed Investment Plan, SI Budget Holders ensure engagement with key stakeholders, including GMD/Country Teams, with particular attention to country selection. Agreement relevant to country selection is documented by Budget Holders.
39. The Detailed Investment Plan includes discussion of the Results Framework and Detailed Budget, both of which are developed alongside the Detailed Investment Plan.

### Results Framework and Evaluation Approach

40. The performance indicators in the Results Framework are based on the theory of change and may include metrics on output, outcome and impact indicators, with semesterly and/or annual targets.<sup>26</sup> The Results Framework also includes Workplan Tracking Measures for process indicators with semesterly milestones.
41. A proportion of indicators must include semesterly targets to allow for semesterly reporting and regular follow up on SI performance.
42. The theory of change includes intended outcomes of the investment. These may be further reflected in the Results Framework as outcome and impact indicators. These indicators are verifiable and measurable, allowing for assessment at the end of the SI cycle to understand the extent to which SIs have delivered intended outcomes. Key SI activities/investments should have corresponding indicators in the Results Framework.<sup>27</sup>
43. In some cases, SIs may be able to assess catalytic effect at the end of SI implementation; however, this requires the existence of a verifiable baseline to allow evaluation of the change introduced by the SI. The theory of change and associated activities of some SIs do not lend themselves to this kind of baseline, preventing effective measurement of catalytic effect. When this is the case, it is highlighted during the design phase and noted to GAC; when catalytic effect cannot be measured, outcomes and evaluations will be leveraged to understand overall results achieved by the SI.

### Detailed Budget

44. The Detailed Budget captures how SI resources will be used to deliver activities and outcomes over the life of the SI. It is aligned with the SI strategy, considers lessons learned from previous cycles (where relevant), and is complementary with other sources of funding.
45. The Detailed Budget reflects value for money considerations and a realistic rate of utilization of funds across the implementation period.
46. The SI Budget Holder is responsible for ensuring that the Detailed Budget is compliant with required attributes with ongoing support and input from the CI PMO.
47. The Detailed Budget consists of two core sections: the Internal and External Budget.
  - a) The **Internal Budget** is limited to SI management costs and is inclusive of Full Time Equivalent (FTE) and program management costs. The Internal Budget is not shared externally.
  - b) The **External Budget** represents the investment to be implemented through external parties, including Technical Partners and suppliers.

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<sup>26</sup> Where appropriate, activities funded by private sector contributions will be developed, though with potential differentiation in terms of format and indicator type.

<sup>27</sup> In the 2023-2025 SI cycle, this includes any activities funded by private sector contributions.



48. The Detailed Budget provides a comprehensive view of internal and external management costs. It reflects the implementation modalities, consistent with the level of service expected and aligned with what the investment is “buying”. While some variation is expected given the diversity of SIs, an acceptable level of management costs is expected to support value for money.
49. To the extent possible, private sector contributions are reflected in the standard Global Fund budget format; however, such contributions may at times leverage different formats to accommodate the relevant donor agreement. When private sector contributions are known at the time of budget development, these funds are part of the budget package submitted for review.<sup>28</sup>
50. Given the partnership-focused, innovative work of SIs, the Global Fund may at times contribute to pooled funding arrangements via the SIs.<sup>29</sup> It is acknowledged that some arrangements/SIs may require flexibility. To the extent possible, Detailed Budgets support traceability of Global Fund funding and provide insight into cost assumptions specific to Global Fund contributions, linkage to deliverables and eligibility of costs to be charged to the Global Fund.<sup>30</sup> Measures to maintain appropriate access and audit rights are managed as outlined in the Global Fund Delegations of Signature Authority.

### Technical Review

51. The technical review assesses that the SI demonstrates potential to catalyze impact in support of the Global Fund Strategy and global partner plans. The review is tailored to the objectives of the SI and provides technical recommendations on activities, implementation modalities and requested amounts.
52. Technical review is primarily carried out by the Technical Review Panel (TRP) to leverage knowledge and harmonize with grant approaches. However, SI Budget Holders may request a differentiated pathway for technical review through GAC.
53. The technical review body summarizes the outcomes of their review as a) No issues; b) Minor issues; or c) Major concerns and outlines strategic actions and recommendations to be addressed to refine and finalize the Detailed Investment Plan or during implementation. The review summary informs the level of scrutiny and specific areas of focus for the GAC Approval meeting.<sup>31</sup> When major concerns are noted, it is expected that the Budget Holder will address these to the extent possible before proceeding to GAC for approval.

### GAC Review and Approval

54. Following refinement based on technical review recommendations, the SI proceeds to GAC for approval with a set of final documents.<sup>32</sup> Ahead of the GAC meeting, an initial review is provided by pre-GAC to pre-identify, resolve or highlight issues for GAC consideration.
55. The CI PMO supports SI Budget Holders in coordinating submission to GAC and reviews early drafts to ensure issues are flagged and resolved. The CI PMO must confirm SI readiness<sup>33</sup> to proceed to

<sup>28</sup> In cases where private sector contributions are added later in the implementation cycle, the Revision process outlined in Section F applies. To go into effect in the 2023-2025 Allocation Period.

<sup>29</sup> Please see Section E on “Manage SI Finance and Ensure Internal Controls” for additional details on reporting relevant to Pooled Funding.

<sup>30</sup> In cases where private sector contributions are leveraged, inclusion of these funds in pooled funding arrangements is aligned with terms of the relevant private sector contribution agreement.

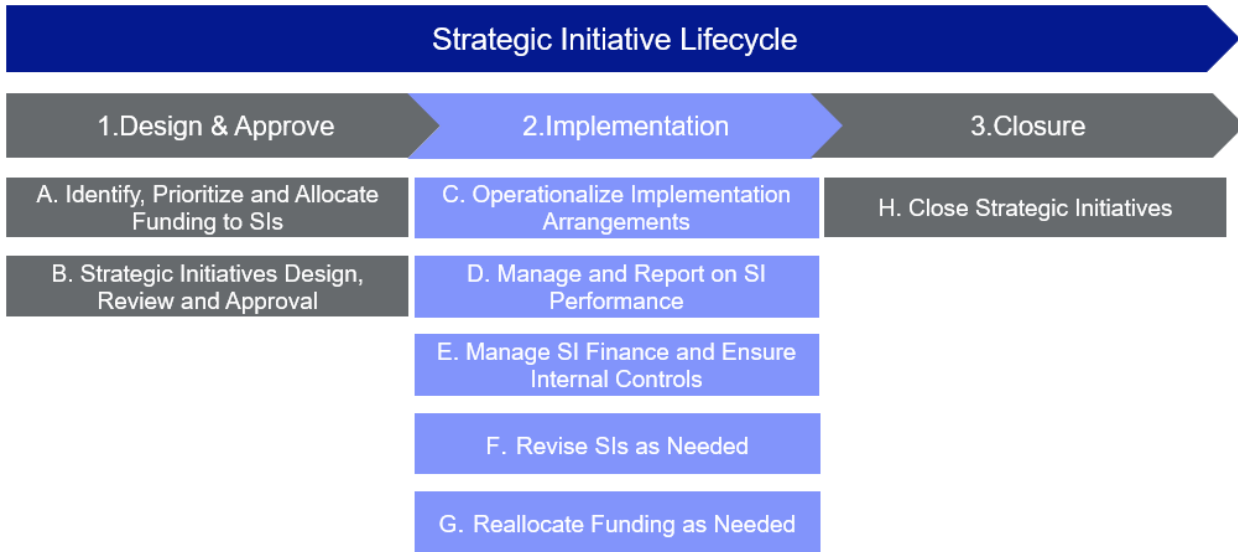
<sup>31</sup> In cases of Major Concerns, the SI Budget Holder develops an *ad hoc* presentation for discussion with the Secretariat and GAC Technical Partners before GAC Approval to explain how the highlighted concerns have been addressed.

<sup>32</sup> The core documents reviewed by GAC are: GAC Steer Form, Detailed Investment Plan, Results Framework, Detailed Budget and TRP Recommendation Form.

<sup>33</sup> The CI PMO confirms that documents are complete and developed with sufficient rigor ahead of submission to GAC. However, this confirmation does not necessarily imply that CI PMO endorses all aspects of the SI; concerns will be included in the Secretariat Briefing Note submitted by the CI PMO to GAC.

GAC and is responsible for submitting final SI documents for GAC review.

- 56. Based on its review, GAC will approve the SI as designed; approve with Strategic Actions to be addressed; or request iteration if significant work is required before final GAC approval.
- 57. Strategic Actions are actions necessary for successful SI implementation. This may refer to finalization/refinement of core documents or actions to address specific, critical issues noted in GAC review. If approved with Strategic Actions, GAC will communicate details of the Strategic Actions expected and timelines for completion to the SI Team accountable for completing them.<sup>34</sup>
- 58. Executive GAC provides final approval of SIs to be implemented over within a three-year defined allocation utilization period (AUP).<sup>35</sup>



**C. Operationalize Implementation Arrangements**

**Establish Implementation Agreements**

- 59. Strategic Initiatives are centrally managed investments, with Secretariat based SI Teams managing and overseeing implementation. Actual implementation is carried out by external parties (implementers). An SI may leverage various implementers and types of contractual arrangements. Establishing agreements to implement SIs follow Sourcing and Legal procedures.
- 60. The mode of engagement with implementers is known as the implementation modality. Implementation modalities are reflected in the Detailed SI Budget and approved by GAC.
- 61. Three of the most common types of agreements used by SIs are outlined in the table below; however, in coordination with Sourcing, Legal and other Business Partners, SI Teams may also enter into other types of agreements as outlined in the Procurement Procedures.

Modality	SI-Specific Considerations	Review and Approval
Framework Agreements with Technical Partners, referred to as	Appropriate modality to structure SI activities performed by Technical	Umbrella Agreement review and clearance by CI PMO, Legal, Procurement and Finance Business partners.

<sup>34</sup> GAC may request SIs to return to GAC during implementation for certain decision authorizations.  
<sup>35</sup> A cut-off principle applies to SIs, precluding costs beyond this period.

<p>Umbrella Agreements.<sup>36</sup></p>	<p>Partners<sup>37</sup> such as multilateral agencies. UAs are not competitively sourced and entail a comprehensive, differentiated negotiation process.</p>	<p>May include Procurement Review Committee Review depending on the contract amount.</p> <p>Approval per Delegations of Signature Authority.</p>
<p>Purchase Order (PO) agreements with individual consultants.</p>	<p>Consultants may support SIs through offsite or Secretariat based assignments. Consultants based in the Secretariat constitute part of the overall Human Resources for the SI;<sup>38</sup> HR levels and the associated budget require oversight to ensure alignment with the GAC-approved HR strategy for the SI and value for money.</p>	<p>POs that engage individuals to provide Secretariat based services should be communicated to the CI PMO ahead of development.</p> <p>CI PMO confirms the requested consultancy is reflected in the GAC approved Detailed Budget and Detailed Investment Plan.</p> <p>Overall process governed by Procurement Procedures and approval per Delegations of Signature Authority.</p>
<p>Purchase Order (PO) agreements with supplier organizations.<sup>39</sup></p>	<p>Some agreements with supplier organizations &gt; US\$1 million may require reporting against a detailed deliverable workplan.<sup>40</sup></p>	<p>Agreements &gt; US\$1 million with supplier organizations require review by the CI PMO during development to assess if the provider should report against a detailed deliverable workplan.<sup>41</sup> Such reporting is submitted by the provider, validated by the SI Budget Holder, and reviewed by the CI PMO. This additional reporting provides added quality assurance over a more detailed set of activities/deliverables for high value POs and mirrors the approach used for Umbrella Agreements.</p> <p>Overall process governed by Procurement Procedures and</p>

<sup>36</sup> Note that a PO will be raised for all executed Umbrella/Framework agreements.

<sup>37</sup> Technical Partners refer to multilateral agencies that offer disease-specific expertise or are involved in country coordination and stakeholder engagement in implementation of activities, with a specific and unique expertise.

<sup>38</sup> Refer to Guidelines for Grant Budgeting for additional detail on appropriate cost grouping guidance.

<sup>39</sup> This does not refer to Technical Partner organizations.

<sup>40</sup> Approach to go into effect as of OPN approval date.

<sup>41</sup> The need to report against such a workplan will be determined by the CI PMO based on the activities/scope of work. There are some activities (such as a single evaluation) for which this kind of reporting against a detailed workplan would not add value or additional assurance.

		approval per Delegations of Signature Authority.
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62. All agreements must include a delivery schedule aligned with the statement of work.<sup>42</sup> This serves to clearly outline the deliverables expected from implementers and the associated timeframe.
63. Framework Agreements, often referred to as Umbrella Agreements, represent financing and/or cooperation agreements with Technical Partners. They support collaboration with partners on disease and resilient, and sustainable systems for health (RSSH) strategies. Umbrella Agreements are not competitively sourced and are subject to heightened attention as a result, including by GAC.
64. Strategic Initiative Budget Holders identify the need to enter into an Umbrella Agreement with a Technical Partner; contract negotiation is led by the Legal Business Partner and CI PMO.
65. Umbrella Agreements are signed with individual Technical Partners and set out general principles that apply to all specific projects implemented by the relevant Technical Partner. These agreements act as an “umbrella” for individual Project Annexes<sup>43</sup> that describe SI projects. A single Umbrella Agreement may encompass multiple Project Annexes for one or more SIs.
66. Each Project Annex is associated with a detailed workplan and deliverable based budget that provides a clear understanding of activities and cost inputs.
67. Given the focus on catalytic impact and innovative, it may be necessary for some SIs to enter into unique implementation arrangements, including those that support innovative financial transactions. In such cases, specific review bodies<sup>44</sup> may be established by the Global Fund to ensure the appropriate level of tailored due diligence when entering into such agreements.

**Disburse Funds**

68. Regardless of the amount, modality or contract type, disbursements/payments are linked to the payment schedule and timing of deliverables described therein. For POs with supplier organizations, the SI Budget Holder approves invoices for payment after validating/reviewing evidence of deliverables and/or suppliers’ performance.<sup>45</sup>
69. When reporting against a deliverable workplan is required for POs with supplier organizations with a value > US\$1 million, payment for deliverables rendered will be processed following validation of this reporting by SI Budget Holders; SI Budget Holders will share this reporting with the CI PMO.
70. Technical Partners submit required programmatic and financial reporting each semester. Financial reporting by Technical Partners includes details of expenditure incurred, cash status reporting and disbursement requests for the subsequent period of implementation. SI Budget Holders are accountable for validating Technical Partner reporting as complete and technically sound.<sup>46</sup> The CI PMO further reviews reporting in order to identify potential risks or inconsistencies prior to disbursement.

**D. Manage and Report on SI Performance**

71. There are consistent expectations for performance management of individual SIs, regardless of the

<sup>42</sup> The Global Fund Terms and Conditions of Purchase of Service apply to each procurement of services through a Purchase Order.

<sup>43</sup> For each Project Annex, a PO is issued to the Technical Partner.

<sup>44</sup> Including the Innovative Finance Approval Committee (IFAC). IFAC TORs forthcoming.

<sup>45</sup> This is required per the Global Fund Procurement Regulations. Note that in some cases, suppliers may receive an advance payment upon signing of the contract.

<sup>46</sup> The first disbursement is not based on deliverables; it is generally processed following signature of the agreement.

implementation modalities leveraged. Performance management of individual implementers is governed by the terms of the relevant agreement.

72. Strategic Initiative performance management supports the effectiveness and efficiency of investments. It informs planning and course correction through the following activities:
- a) Monitoring SI performance against targets.
  - b) Identifying, consolidating, and sharing lessons learned.
  - c) Confirming the outcomes of SI investments and, where possible, that SIs produced the intended catalytic effect.
73. Strategic Initiative Budget Holders hold primary accountability for SI performance management. They engage proactively with implementers and other stakeholders to anticipate, identify, and address performance issues. Strategic Initiative Budget Holders escalate significant or cross-cutting issues to the CI PMO and within their respective teams, including those that may necessitate revision, pose a major risk to achievement of SI targets, or entail implications for relationships with stakeholders such as Technical Partners or Country Teams.
74. The CI PMO provides structures and tools for SI Budget Holders to carry out performance management; and provides oversight to flag critical issues, ensure processes are working and coordinate action when they are not.
75. Transparent reporting on SI performance helps drive results and inform future investment. The Secretariat, countries and partners rely on consistent and verifiable data on SI programmatic and financial performance and outcomes to inform investment and learning.
76. Strategic Initiative performance data is shared with internal stakeholders including the Management Executive Committee (MEC) and GMD, as well as externally, via reporting to the Strategy Committee (SC) and periodically to GAC. The CI PMO consolidates reporting to report upward on behalf of the overall SI portfolio. The CI PMO engages with SI Budget Holders around the key data and messages within this reporting. This reporting includes:
- a) Performance and Accountability (P&A) metrics, for which CI PMO and SI Budget Holders are jointly accountable, against which the CI PMO reports quarterly.
  - b) Performance analysis, including programmatic and financial results; these are reported to MEC each semester.
  - c) The CI PMO reports to SC semesterly to fulfil the Board requirement to update SC on SI operationalization.<sup>47</sup> Reporting to SC focuses on performance analysis, results and potential areas for steer or course correction.

### Monitor SI Performance Against Targets

77. Standard reporting and analysis are carried out each semester to provide the data necessary for performance management. This data is at the level of the overall SI.
- a) **Results Framework:** each semester, SI Teams report results against results framework targets.
  - b) **Financial Data:** SI-level financial data captures expenditure to date<sup>48</sup> and allows comparison this with the GAC-approved budget to determine fund utilization.
78. Results Framework reporting and financial data are used to assess SI performance against consistent

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<sup>47</sup> Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.

<sup>48</sup> SI-level reporting depends in part on reporting submitted by implementers per the terms of the relevant agreement.

metrics and inform SI management. It also serves to identify potential areas of savings that the SI Team will consider redistributing within the SI budget (see section on Revision).

79. Two standard metrics are assessed at the SI level, with data analysis conducted by the CI PMO. These metrics are reported as part of the Performance and Accountability (P&A) metrics and used to inform internal management.

- a) **Effectiveness:** extent to which agreed-upon targets in the RF have been achieved (% achievement against RF targets).<sup>49</sup>
- b) **Fund Utilization:** utilization of resources in line with SI budget (% expenditure against budget).<sup>50</sup>

80. Strategic Initiative Budget Holders are accountable for SI performance in terms of Effectiveness and Fund Utilization. However, the CI PMO shares accountability with SI Budget Holders for aggregate performance against these indicators at the portfolio level.

### Assess SI Support to Country-Level Results

81. Strategic Initiatives reinforce country allocations, providing complementary support essential to ensure country allocations can deliver against the Global Fund Strategy. Performance management seeks to validate that SIs are contributing to country level results and to adjust where this link could be strengthened.

82. While all SIs aim to support country allocations, they differ in the level of linkage to grants. To help deliver on this objective, SIs are categorized into three differentiated levels of linkage to in-country results.

- a) **Direct linkage: SIs** include a Results Framework (RF) indicator to measure country-level results.<sup>51</sup>
- b) **Indirect linkage: SIs** do not have RF indicators focused explicitly on country-level results. However, there is a high level of alignment and clear relationship between SI objectives and indicators in the grant-level performance framework.
- c) **Enabling investment SIs:** provide key contributions to end the diseases. They seek to support systems and tools that have a clear, though less direct role in supporting grants to achieve their objectives. It is generally not possible to directly associate SI contributions with specific grant level indicators or results.

83. Strategic Initiatives Teams use semesterly SI performance data to identify the need for potential adjustments to strengthen SI contribution to country-level results, particularly for direct linkage SIs. To this end, they will engage proactively with relevant CTs and other involved stakeholders on an ongoing basis.

84. As the SI nears the end of the implementation cycle, SI Teams should ensure that the outcome data and/or evaluation strategy is progressing appropriately to assess overall outcomes and/or catalytic effect.

### E. Manage SI Finance and Ensure Internal Controls

85. Strong financial management and effective internal controls are key elements in delivering value

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<sup>49</sup> Metric is calculated on a semesterly basis, in line with RF reporting timeline outlined above.

<sup>50</sup> Metric is calculated on a semesterly basis, in line with the Financial Forecast timeline outlined above.

<sup>51</sup> These can be categorized in two types: as percentage improvement in certain country-level indicators, or indicators directly from the country grant Performance Framework. The first type of linked indicators could allow to estimate the SI contribution to the country results, though it does not necessarily imply a causal relationship.

through the SIs. The underlying processes engage SI Budget Holders, the CI PMO, Finance and other Secretariat business functions.

- a) **SI Budget Holders** are accountable for financial management of the SI they oversee. They ensure SI expenditures and activities are compliant with the Global Fund's fiduciary policies, procedures and practices. At all stages, the SI Budget Holder ensures that expenditures are linked to deliverables and performance.
  - b) **CI PMO** provides an oversight function, establishing effective processes and controls to support SI compliance with fiduciary policies, procedures and practices. The CI PMO supports implementation by providing financial guidance to SI Budget Holders.
86. Strategic Initiative internal controls seek to ensure compliance with key requirements, including that:
- a) Engagement of suppliers and Technical Partners is in line with the GAC approved budget and Global Fund regulations.
  - b) Expenditures are incurred in line with a compliant underlying procurement process and approved budget. Costs incurred are reasonable, verifiable and associated with the right deliverable.
  - c) Commitments are reflected in the GAC-approved budget and sufficient funding is available to support them.
87. For SIs, compliant expenditures are those that have been incurred following the terms of the relevant agreement;<sup>52</sup> are in line with the Detailed Investment Plan; are approved by GAC; are within the budget and implementation period; and are supported by sufficient and appropriate evidence/reporting, per the terms of the relevant agreement.
- a) Compliant expenditures must furthermore **not** be compromised by prohibited practices; nor relate to other types of non-compliance or mismanagement of SI funds (or goods or services purchased with SI funds).
  - b) The Global Fund, at its discretion, may request external providers or Technical Partners to fully or partially reimburse any expenditures classified as non-compliant, in alignment with the relevant agreement.
88. Processes are embedded throughout SI implementation to support these controls. These are carried out at the level of the overall SI:
- a) **Quarterly Accruals Monitoring:** The SI Budget Holder is accountable for submission of accruals related to the SI, to be incorporated into the Global Fund financial report. The accruals represent the value of goods and services that have been rendered by contracted suppliers but not invoiced.
  - b) **Forecasting:** In line with Global Fund financial practices, the Budget Holder is accountable for submission of forecasts for their SIs; this provides insight into cash needs for the remaining part of the cycle. Three forecasts are carried out per year;<sup>53</sup> SI forecasts are incorporated into overall Global Fund reporting to the Audit and Finance Committee (AFC) and MEC. Forecasting provides an opportunity for SI Teams to review and confirm actual expenditure recognized at the corporate level.<sup>54</sup> The process allows the SI Budget Holders, CI PMO and Finance to proactively identify gaps between the approved budget and anticipated costs.

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<sup>52</sup> Expenditures that utilize private sector contributions must be in line with the relevant contribution agreement.

<sup>53</sup> These forecasts are: Forecast 1 (3+9) with actuals up to March and forecast for the remaining 9 months of year; Forecast 2(6+6) with actuals up to June and forecast for the remaining 6 months of the year; Forecast 3 (9+3) - Actuals up to September, forecast for the remaining 3 months of the year.

<sup>54</sup> Per the data extracted from *Hyperion*.

89. In cases where SI funding is pooled with other donors, donors will jointly agree to reporting and disbursement timelines. While reporting relevant to pooled funding should follow standard SI reporting formats/requirements, when this is not feasible/appropriate the Global Fund may at its own discretion accept alternative, suitable, and appropriate financial and programmatic reporting for the purposes of assessing progress. Such alternative reports must be agreed up front with the Global Fund and accepted as viable to assess progress.

**F. Revise Strategic Initiatives as Needed**

- 90. During SI implementation<sup>55</sup> adjustments may be necessary to ensure the continued effective and efficient use of resources to maximize results in the context of new circumstances or opportunities.
- 91. Revision refers both to adjustments *within* the overall approved funding envelope associated with a specific SI after GAC approval;<sup>56</sup> and the inclusion of additional funding through private sector contributions for a specific SI following GAC approval.<sup>57</sup>
- 92. Such adjustments are categorized as a budget or programmatic revision:
  - a) **Strategic Initiative budget revision:** movement of funds between cost groupings *within* the approved SI budget, with no change to the total approved funding amount; or inclusion of additional funding provided by private sector contributions<sup>58</sup>, increasing cost groupings.
  - b) **Strategic Initiative program revision:** changes to the scope or scale of programmatic activities, including as a result of inclusion of additional funds as a result of private sector contributions.<sup>59</sup>
- 93. Strategic Initiative revisions are classified as material or non-material based on the extent of changes introduced. Materiality is determined at the level of the SI budget, workplan and/or results framework approved by GAC, not at the level of individual contracts within a single SI.
- 94. Differentiated approval requirements exist based on the materiality of the proposed revision, with GAC approval required for the most extensive changes.

Type of Revision	Materiality Thresholds	Revision Approvals Required		
		GAC	SI Budget Holder	CI PMO <sup>60</sup>
Non-Material Budget Revision	Change to any non-HR cost grouping < 10% <sup>61</sup>		x	
	Change in the HR cost grouping of <5%		x	
	Shifting < 10% of the budget between implementers (see additional notes below)		x	
	Shifting <5% of any cost grouping from the Internal Budget to the External Budget		x	

<sup>55</sup> For purposes of this guidance, implementation is defined as post-GAC approval with a Detailed Budget and Results Framework for the SI.

<sup>56</sup> Starting in the 2023-2025 SI cycle, this includes SI funding contributed by the private sector.

<sup>57</sup> To go into effect in the 2023-2025 SI cycle

<sup>58</sup> Starting in the 2023-2025 SI cycle, this includes SI funding contributed by the private sector.

<sup>59</sup> Starting in the 2023-2025 SI cycle, this includes SI funding contributed by the private sector.

<sup>60</sup> CI PMO will approve only after review and concurrence by Finance, Legal where required and the SI Budget Holder.

<sup>61</sup> Change to either “losing” or “receiving” cost grouping cannot exceed 10%. 10% threshold refers to cumulative change of original cost grouping(s) during the implementation period – i.e., a cost grouping cannot be adjusted by 10% in one instance and then 5% later without approval as this would result in a cumulative change of 15%.



Material SI Budget Revision	Adjustment of any non-HR cost grouping by 30% or more	x		
	Adjustment of any HR cost grouping by 15% or more	x		
	Shifting 10% or more of the budget between implementers <sup>62</sup>	x		
	Shifting funding from the External Budget to the Internal Budget, regardless of the amount	x		
	Shifting more than 5% of a cost grouping within the Internal Budget to the External Budget	x		
	Adjustment of any non-HR cost grouping between 10% and 30%			x
	Adjustment of any HR cost grouping between 5% and 15%			x
	Inclusion of additional funding as a result of private sector contribution <sup>63</sup>	x		
Non-Material SI Program Revision	Decrease in any RF target by < 30%, or any increase in RF targets		x	
Material SI Program Revision <sup>64</sup>	Decrease in any Results Framework (RF) target by 30% or more (or removing an indicator)	x		
	Change of scope of the SI (adding new key components and/or adding/removing key objectives)	x		
	Adding indicators in the Results Framework			x
	Decrease in any Results Framework (RF) target by 30% or less			x
	Change in total deliverable targets by 50% or more over the life of the SI			x

95. Further details regarding materiality of specific HR arrangement and implementer arrangement changes are outlined in the Standard Operating Procedure on Revision and Reallocation.

96. Revision should be data-driven, considering the performance metrics outlined above, namely fund utilization and effectiveness.

### G. Reallocate Funding across Strategic Initiatives as Needed

97. Reallocation refers to moving funding among Board approved catalytic investment priorities,

<sup>62</sup> For the purposes of this guidance, "implementer" is defined as a legal entity, rather than an individual consultant. Please see additional notes on shifts in implementation arrangements in in the Standard Operating Procedure on Revision and Reallocation

<sup>63</sup> To go into effect in the 2023-2025 Allocation Period.

<sup>64</sup> Including as a result of private sector funding contributed to the SI following GAC approval. To go into effect in the 2023-2025 SI cycle.

including between separate SI budgets.<sup>65</sup> As noted in Section B, SI budget amounts may not align with the amount approved by the Board for the relevant catalytic investment priority.

98. Reallocation results in adjustments to the total approved funding for the relevant SI budget within the implementation period. This entails reducing the budget of one or more SIs and increasing the budgets of others. This process is facilitated by the CI PMO and informed by financial and programmatic results to maximize utilization and performance of SI resources.
99. Reallocation is important in situations where performance is inadequate and/or funding cannot be adequately absorbed under one or more SI's, and could contribute to accelerated progress under a separate priority implemented as an SI. Options to address performance and absorption issues, including through revision should be assessed ahead of reallocation.
100. Proposed reallocations and subsequent approvals require full transparency for internal and external stakeholders in alignment with the relevant Board decision<sup>66</sup>. These include:
  - a) The Secretariat may reallocate funds among the Board-approved catalytic investment priorities within a defined percentage<sup>67</sup> of the approved amount of associated costs for a specific priority<sup>68 69</sup>. These reallocations are approved by the Executive GAC.
  - b) Shifts above this the defined threshold<sup>70</sup> are approved by the Strategy Committee, following endorsement by Executive GAC.
  - c) All reallocations, regardless of magnitude, are reported to the SC.
101. If Strategic Initiative funding is formally reallocated to a different modality (i.e., grant, multicountry approach or matching funds), this OPN will cease to apply to that funding.

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<sup>65</sup> Reallocation procedures are not applicable to private sector contributions; any change to the level of private sector contribution to an SI will be determined in line with the terms of the relevant private sector contribution agreement.

<sup>66</sup> Reference relevant Board Decision on Catalytic Investments, including for the 2020-2022 Allocation Period and 2023-2025 Allocation Period.

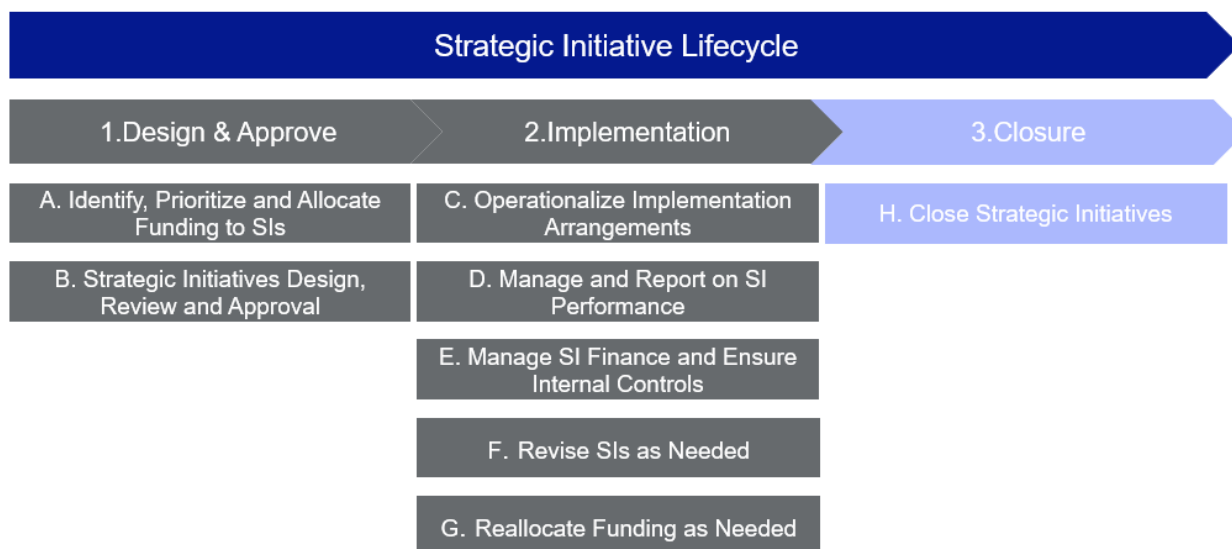
<sup>67</sup> In the 2020-2022 Allocation Period, the Secretariat has flexibility to reallocate associated costs among the approved priorities under any applicable scenario, within 10% of the approved amount of associated costs for a specific priority; and present any reallocations of associated costs exceeding 10% for a specific priority for the SC's approval. In the 2023-2025 Allocation Period,

, the Secretariat has flexibility, within the total amount of funding for Catalytic Investments, to increase or decrease the amount for any approved priority up to 15% and report to the Strategy Committee on any such changes; and present any increase or decrease of an amount for any approved priority above 15% to the Strategy Committee for approval. The Secretariat also has delegated authority to increase the amount of funding available for the Emergency Fund, by up to 50% of the amount approved for this priority, using funding approved as available by the Audit and Finance Committee for portfolio optimization, and that paragraph 6.iv above will not apply to increases to the Emergency Fund. Any increase above 50% will be presented to the Board for its urgent, no-objection approval.

<sup>68</sup> The list of definitive, Board approved priorities forms the basis for any reallocation calculations, available in the relevant Board Decision. Reallocation calculations are based on Board-approved priority funding amounts. Reallocation between sub-components should still reference the associated costs of the overall priority in calculating the 10% or 15% threshold.

<sup>69</sup> Because SIs have different total budgets, a shift in funding may represent 10% or 15% of total costs of one SI but less than 10% or 15% for another SI. The threshold should be calculated based on the total amount of the SI with a lower associated cost.

<sup>70</sup> See footnote 66.



## H. Close Strategic Initiatives

102. At the end of the relevant AUP, the SI Budget Holders, CI PMO and implementers must carry out a process to close the SI and all associated commitments, including agreements with Technical Partners and suppliers. The closure process ensures that:
- Agreed closure activities are planned and implemented.
  - Remaining financial commitments and financial obligations are addressed.
  - Remaining SI funds or recoveries are returned to the Global Fund.
  - Any assets financed with SI funds are dealt with in line with the relevant agreement.
  - Programmatic and financial reports are submitted to the Global Fund.
103. The final closure process must be completed within nine months of the end of the SI implementation period end date, unless otherwise agreed with implementers as part of contractual arrangements. Approved activities must be completed and paid for during the closure period.
104. Strategic Initiative funded contracts that support implementation are closed at the end of the SI Implementation Period unless the Global Fund, at its discretion, extends agreements beyond the SI Implementation Period end date; such extensions will follow the appropriate processes as outlined in the Procurement Policy.
105. If investment in a Strategic Initiative will continue in the next allocation period, contracts with SI funded staff may remain open, contingent upon prior GAC approval of the new SI budget and resourcing plan and all required HR approvals.
106. Strategic Initiative closure is aligned with the exit strategy defined in the GAC-approved Detailed Investment Plan and planned at least six months in advance of the SI implementation period end date.<sup>71</sup>
107. Closure planning is carried out by the SI Team and includes attention to the below elements:
- Open agreements and any potential concerns regarding completion of final deliverables

<sup>71</sup> To go into effect in the 2023-2025 Allocation Period. Note that prior to the end of the SI implementation period, the Board will decide if funding for an SI investment will continue in the next allocation period or come to an end, informing exit strategy planning.

under those agreements.

- b) Assets procured with SI funds.
- c) Any anticipated cash balances with implementers.
- d) Programmatic activities, handover plans or reporting to facilitate the GAC-approved SI “exit strategy” (only where relevant).

108. The Strategic Initiative Budget Holder will confirm all outstanding financial commitments and obligations at the end of the implementation period. Even if SI investment will continue in the next allocation cycle, financial commitments and obligations are financed and completed under the expiring cycle. All financial commitments incurred during the implementation period must be addressed within six months following the SI implementation period end date.
109. Non-compliant expenditures and refunds are addressed in accordance with Global Fund procedures and the terms and conditions of the relevant implementer agreement.
110. In some cases, SIs may fund limited procurement of assets. Assets procured with SI funds must be appropriately addressed in line with the terms of the relevant agreement.
111. Standard closure processes are also applied by SIs that leverage private sector contributions. However, the relevant private sector funding agreement may include specific clauses on the use of unspent funds.
112. The Strategic Initiative is considered closed when financial closure has been completed. Financial closure entails closure of all SI funded agreements, receipt of any outstanding cash balances (or its transfer to a project as determined by the Global Fund) and payment of all outstanding financial commitments by the Global Fund.

## Annex 1: Detailed Investment Plan: Key Elements and Description

### Detailed Investment Plan: Key Elements and Description

Item	Description	Draft Plan	Final Plan
Overview	Narrative of expected catalytic impact, SI components and objectives associated with each component	Yes	Updated as needed
Link to Global Fund Strategy and KPIs, Expected Catalytic Impact	Description of how the proposal supports the Global Fund strategy and KPIs for the relevant allocation period. Explanation of why planned activities must be funded through the SI rather than grant budgets.	No	Yes
Target countries	List of countries that will be supported by the SI, disaggregated by component where applicable.	Yes	Updated as needed
Theory of Change	Logic model leading from inputs/process to outcomes/results. The theory of change aims to highlight where and how the intended catalytic effect(s) will occur (i.e., the points of ‘catalysis’). Outline of how the catalytic effect will translate in grant/country level improvements.	Yes	Updated as needed
Exit Strategy	Concise “exit strategy” describing how SI support will evolve/be phased out following desired change.	Yes	Updated as needed
Lessons Learned (Continuing SIs only)	Concise overview of the main lessons learned, evaluation results, and/or performance assessments from previous SI cycles that have informed design for this cycle. Rational for continuation in 2023-2025 cycle (why does the investment remain necessary, why couldn’t it be integrated into country grants?)	Yes	Updated as needed
Recommendations	Description of how recommendations from BP review/GAC Steer/Technical Review have been addressed as part of SI design (if applicable).	No	Yes
Risks and Mitigations	Description of key, anticipated risks that that could negatively impact delivery of the SI and mitigation measures to address these risks and stakeholder(s) responsible	No	Yes
Synergies with other CIs and/or Country Grants	Explanation of the link with other SIs, Matching Funds and/or Country Grants (where applicable) in the previous and/or current allocation period	No	Yes
Plans for complementary funding from other internal/external sources	Brief overview of any expected complementary funding, if applicable	No	Yes
Main Expected Outcomes	List of high-level outcome metrics and targets for the SI, using the guidance provided on the Results Framework. Indicators should be linked to SI objectives and ToC	Yes	Used to develop full RF later
Summary of Finalized Result Framework	Summary of the RF with output/outcome indicators linked to the ToC and with finalized targets per semester	No	Yes

Summary Budget	High-level breakdown of the investment by component, implementer (where known) and year.	Yes	Used to develop full budget later
Summary of Final Detailed Budget	Summary, high-level breakdown of the final detailed budget	No	Yes
Anticipated Implementation Arrangements	Concise summary of implementation arrangements and rationale that includes considerations of efficiency.	Yes	Used to finalize arrangements later
Finalized Implementation Arrangements	Detailed implementation arrangement including implementers, timeline and final draft of Sourcing documents for key implementers	No	Yes
Resourcing funded through Strategic Initiative	Description of the Secretariat-level resources required to manage the SI; the resourcing levels should be reflective of the overall level of SI funding	Yes	Used to finalize resourcing plan later
Finalized Resourcing plan	Final HR plan if there have been changes from the draft plan	No	Yes

## Annex 2: Detailed Budget: Key Attributes and Requirements

Attributes	Requirements
Value for money	All costs documented in US\$
Consistent with activities and timelines described in the Detailed Investment Plan	Submitted in the Strategic Initiative/Global Fund Detailed Budget template
Consistent with the strategic direction	Inclusive of costs for program activities approved for the SI
Realistic rate of utilization of funds across implementation period	Within the available funding approved by the Board
Consistent with Detailed Investment Plan and lessons learned from the previous SI cycle, where relevant	Based on verifiable sources of data
Inclusive of any requirements mandated by the Global Fund Board	Inclusive of assumptions used to determine the unit costs and allocation across the implementation period
Reflective of any Technical Review Panel (TRP) and GAC-required adjustments	
Complementarity with other sources of funding	