

# **2024 Workplan, Budget Narrative and Operating Expenses Budget**

## **50<sup>th</sup> Board Meeting**

GF/B50/02A

14 – 16 November 2023, Geneva, Switzerland

### **Board Decision**

Purpose of the paper: This document, in conjunction with Part B, presents a narrative complement to the Global Fund 2024 Workplan, Budget Narrative and Operating Expenses Budget of US\$ 342.2 M. It includes the Board Decision to approve the 2024 Workplan, Budget Narrative and Operating Expenses Budget of US\$ 342.2 M, which is recommended by the Audit and Finance Committee.

## Decisions

### **Decision Point: GF/B50/DPXX: 2024 Work Plan and Budget Narrative and the 2024 Operating Expenses Budget**

Based on the recommendation of the Audit and Finance Committee (AFC), the Board approves the following:

- a. the 2024 Work Plan and Budget Narrative, as set forth in GF/B50/02A; and
- b. the 2024 Operating Expenses Budget in the amount of US\$ 342.2 million (comprising (i) PART A Secretariat Operating Expenses of US\$ 277.9 million, which includes US\$ 15.9 million for the Office of the Inspector General's 2024 Operating Expenses; and (ii) PART B In-Country and Independent Bodies of US\$ 64.4 million), as set forth in GF/B50/02A.

Note: Some totals may not add up due to rounding.

A summary of relevant past decisions providing context to the proposed Decision Point can be found in Annex 3.

# Executive Summary

## Context

The Global Fund Work Plan and Budget Narrative forms a key component of the financial reporting, planning and control structure of the organization. The document sets out key priorities for the year ahead and provides activities funded through the Global Fund's operating expense (OPEX) budget, which complements activities supported by catalytic investments, the COVID-19 Response Mechanism (C19RM) and HIV, tuberculosis (TB) and malaria (HTM) grant funds, and the contributions of implementers and partners, to drive the objectives of the 2023 - 2028 strategy (the "Strategy").

The Strategy requires a continuous drive on HTM & RSSH activities to accelerate impact and get back on track towards achieving the 2030 goals. This will be achieved through development and implementation of high-quality grants aligned to the Strategy and active monitoring to drive performance and maximize impact. Investments in HTM programs will be underpinned by embedding integrated, people-centered systems for health, while delivering on the shift from COVID-19 response to systems strengthening and pandemic preparedness through C19RM. It is essential to enhance organizational capabilities at the Secretariat level to deliver on the strategic priorities through optimized processes, systems and structures, while strengthening organizational agility and adaptability for the future.

The 2024 Budget is designed to accelerate delivery of core programs of the Global Fund's portfolio in an evolving COVID-19 setting, continued geopolitical tensions and resource constrained context while delivering on organizational priorities identified for 2024.

## Questions this paper addresses

- A. What makes up the 2024 Operating Expenses Budget in the context of the OPEX evolution framework?
- B. What are the drivers of the 2024 Workplan & Budget Narrative?

## Conclusions

- A. 3-year aggregate OPEX forecast<sup>1</sup> of **US\$ 1'025 M** as approved by the Board was elaborated on the backdrop of inflationary pressures, tactical trade-offs and re-prioritization of organizational needs following the 7<sup>th</sup> Replenishment outcome. The 2023 & 2024 OPEX maintain a **stable trajectory** within an adaptable OPEX evolution framework with the implementation of strong budgetary controls, optimization, and tactical re-investments.

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<sup>1</sup> As defined and approved in [GF/B48/DP04](#)

The Secretariat's focus in 2024 will be on completing grant-making and commencing high quality HTM and RSSH grant implementation to accelerate impact through Grant Cycle 7 (GC7), delivering on the shift from COVID-19 response to systems strengthening and pandemic preparedness through C19RM, and preparing to launch the 8<sup>th</sup> Replenishment.

To stabilize the cost baseline and use the flexibility of the OPEX evolution framework to fund strategic and emerging needs for 2024, the Secretariat identified optimization efforts of **US\$ 9.3 M** (2.8% of 2024 cost baseline) which aligns with the OPEX evolution principles and methodology<sup>2</sup>.

After embedding efficiencies, the Secretariat proposes a **2024 OPEX Budget of US\$ 342.2 M<sup>3</sup>** (US\$ 277.9 M for Part A the Secretariat and \$ 64.4 M for Part B In-Country and Independent Bodies) in a context of reduced budget flexibility and tensions to address emerging and priority needs 74% of the OPEX proposal focuses on the core operational delivery on grants and resource mobilization, illustrating a deliberate prioritization of core interventions to deliver the next Strategy.

Acknowledging funding gaps against organizational needs on operational delivery enablers, the Secretariat applied a **prioritization framework** to allocate **priority investments of US\$ 16.4 M** (representing a 22% increase or ~+US\$ 3M from 2023 priority funding levels) for emerging and Strategy enabling initiatives focusing on the following areas:

- (i) Reinforce investments to continue supporting implementation of Community Rights and Gender, Protection from Sexual Exploitation, Abuse and Harassment (PSEAH) initiatives, and NextGen market shaping.
- (ii) Provide incremental resources to deliver on strategic needs for Evaluation and Learning Office (ELO) and CCM evolution.
- (iii) Embed re-actualized structural and technical costs to cover statutory non-recurring expenses, to reflect projected liabilities based on past realization levels (separation and reassignment benefits, removal allowances, parental leaves and non-insurable sick leaves).
- (iv) Fund emerging needs for investment case modelling for the 8<sup>th</sup> Replenishment, comprehensive health product planning and procurement

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<sup>2</sup> GF/B44/02B [https://www.theglobalfund.org/media/8d89221988529cc/bm44\\_02b-2021opexbudgetcorporateworkplan\\_report\\_en.pdf](https://www.theglobalfund.org/media/8d89221988529cc/bm44_02b-2021opexbudgetcorporateworkplan_report_en.pdf) is a refresher to the introduction of the OPEX Evolution framework & budget principles back in 2020.

<sup>3</sup> The addition of Part A and Part B may not add up due to rounding.

with the 'Plan to Report' initiative, system enhancements and business process optimization among others.

In the context of a constrained environment, identifying efficiencies was a necessary lever which the Secretariat applied across divisions to stabilize the organization's baseline and create fiscal space to fund strategic, emerging and priority needs for 2024. This has been made possible with the flexibility and adaptability of the OPEX evolution framework that was developed with the Audit and Finance Committee (AFC) in 2020.

Acknowledging that funding gaps still exist, the Secretariat will leverage on future forecasting process to mitigate those gaps and support re-investments on operational delivery enablers, processes and systems optimization with the objective to advance the process optimization transformation journey and achieve higher operational efficiencies.

A view of the total Holistic OPEX from all sources (OPEX, SIs and C19RM) indicates that 2024 Holistic OPEX of US\$ 392.1 M remains flat, with a negligible increase of 0.1%. The holistic OPEX mainstreams funding for the evaluation function and CCMs from SIs to OPEX, in line with the approach described in Catalytic Investments for the 2023-2025 Allocation Period ([GF/B47/04-Revision 1](#)).

### **Input Sought**

The Board is requested to approve the Decision Point presented on page 1

## Report

### A. Proposed 2024 Operating Expenses Budget in the context of the OPEX evolution framework

#### Holistic OPEX insights (all funding sources, i.e., OPEX, SI and C19RM)

1. To enable the Board to assess the recommendation on the 2024 OPEX in context, this paper also provides a holistic Secretariat view of the OPEX from all funding sources (OPEX, SI and C19RM).
2. As illustrated in the accompanying presentation in GF/B50/02B, the main highlights of the Holistic OPEX view (OPEX, SIs and C19RM) are:
  - (i) Holistic OPEX across all funding sources of **US\$ 392.1 M** in 2024 is flat with a marginal increase of +US\$ 0.4 M from 2023. Holistic Budget comprises: Part A Total Secretariat Budget of **US\$ 313.6 M**; and Part B In-Country & Independent Bodies of **US\$ 78.5 M**.
  - (ii) The Holistic budget also reaffirms the complementarity of the different funding sources that are leveraged to accelerate critical priorities such as preparation for the 8<sup>th</sup> Replenishment launch, finalization of GC7 grant making and start of implementation as well as enabling the shift in C19RM reinvestment landscape.
  - (iii) The marginal increase in the Holistic OPEX is mainly attributable to fund critical priorities in 2024 with the start of program implementation in grants for 70% of the GC7 portfolio, resource mobilization initiatives to prepare for the 8<sup>th</sup> Replenishment and increase in C19RM LFA budget to address expected change in investment landscape from the shift from COVID-19 response to health systems strengthening and pandemic preparedness through C19RM.
  - (iv) 2024 also highlights a holistic increase in structural and technical budget (+ US\$ 5.0 M) to reflect projected liabilities of the re-actualized costs for separation, reassignment, removal allowances, parental leaves and non-insurable sick leaves.
  - (v) The Part B holistic budget for In-Country & Independent bodies decreased by 4% or US\$ 3.2 M which is mainly attributable to a decline in TRP fees with more than 70% of GC7 grant making ending in 2023, driven by the cyclical nature of

operations, and an adjustment to LFA budget as activities are expected to increase in C19RM and relative to HTM.

3. C19RM funding for management and operating costs thus provides an increase of US\$ 3 M on the assurance budget for LFA fees to adapt to the changing investment landscape following the shift in C19RM investments.
4. SI OPEX Budget records a decrease of US\$ 4.8 M from US\$ 8.8 M in 2023 to an estimated US\$ 4 M in 2024. This is mainly attributable to the significant drop in SI funding from US\$ 321 M in GC6 to US\$ 105 M in GC7 following the 7<sup>th</sup> Replenishment.

### 2024 OPEX Budget Proposal

5. The OPEX evolution framework has brought agility to the management of Secretariat structural costs and facilitates scalable adjustments based on available funds and strategic priorities. This allows for differentiation and categorization of OPEX resources to increase flexibility of the cost base and enhance alignment with Strategy delivery.
6. As an illustration, applying the OPEX evolution framework, the minimum cost base for the next cycle is currently estimated at US\$ 265 M in 2026. In this context, any funds allocated to OPEX above the US\$ 265 M mark would be available to fund cyclical and priority needs.
7. 2024 will be a pivotal year in the business cycle of the Global Fund, characterized by:
  - (i) the start of program implementation for high-quality HIV, TB, Malaria & RSSH grants for 70% of the GC7 portfolio;
  - (ii) completion of remaining GC7 grant-making;
  - (iii) initiation and monitoring of grant closure for GC6 grants; and
  - (iv) resource mobilization initiatives to prepare for the 8<sup>th</sup> Replenishment launch, including development of the Investment Case and the new allocation model, communications, advocacy and building partnerships.
8. The 2024 OPEX Budget of **US\$ 342.2 M** was developed by leveraging the OPEX evolution framework to deliver on the cyclical imperatives and annual priorities.
9. 2024 OPEX Budget represents a **marginal increase (+1% or US\$ 2.2 M vs. 2023)** and follows a stable trajectory within the OPEX evolution framework and 3-year aggregate Operating Expenses forecast of **US\$ 1'025 M**.

10. Overall, the 2024 OPEX Budget proposal is driven by prioritization, cost optimization and efficiencies. 74% of the total 2024 OPEX Budget is directed towards operational delivery areas, Secretariat enablers and resource mobilization initiatives, reaffirming the Secretariat's efforts to fund Strategy delivery imperatives through grant implementation while also providing the resources needed to prepare for the 8<sup>th</sup> Replenishment initiatives. This reaffirms deliberate prioritization of investments in core functions to deliver on the Strategy.
11. The marginal increase in 2024 OPEX is attributable to multiple factors, including re-actualization of structural and technical costs, inflationary pressure on many cost categories and increase in funding for priority needs for 2024.
12. To rebalance the cost base and free up resourcing for priorities, the Secretariat leveraged the flexible OPEX evolution framework to identify US\$ 9.3 M (2.8% of baseline) of efficiencies, which has enabled reinforcement of investments in operational delivery and resource mobilization while maintaining adequate resourcing of Secretariat enablers in support of program implementation and Strategy delivery.
13. Main efficiency levers were identified on:
- (i) workforce through dynamic re-prioritization and recruitment phasing;
  - (ii) LFA and professional fees with workstream prioritization and noting the cyclical nature of operations where 70% of GC7 grant making is ending in 2023. It is to be noted that following inputs from AFC meeting in October, the LFA budget has increased from US\$ 11 to US\$ 14 M (+27%) with available C19RM funding for management and operating costs, to address the expected changes in investment landscape from the shift in C19RM investments; and
  - (iii) further optimization of costs on travel, meetings, communications, and office infrastructure.
14. The 2024 budget proposal is also characterized by a decrease in Part B In-Country & Independent Bodies budget (-US\$ 3.5M) which is largely attributable to the cyclical nature of operations, reflecting a decline in TRP budget and LFA fees with more than 70% of GC7 grant making ending in 2023.
15. Identification of efficiencies on travel has mitigated the net increase in 2024 travel budget to +US\$ 0.9M or 7% compared to 2023 original budget. In absolute terms, this represents a marginal increase. Against the revised 2023 budget of US\$ 15.1 M, the 2024 proposal of US\$ 14.7 M in fact represents a decline in the travel budget. Also, the Holistic OPEX view illustrates an overall decrease in travel costs of 3% (-US\$ 0.5 M) compared to 2023.



16. Conscious of the environmental impact of carbon footprint from travel, the launch of the Travel Management System (TMS) in early 2023 provides a powerful tool towards achieving efficient travel management, planning and cost optimization. On average, 21% fewer tickets were issued in 2023, a grant making year, as compared to 2019, which was a pre-COVID-19 year. However, while the number of tickets issued dramatically decreased in 2023 compared to 2019 with the efficient travel planning and use of alternative modes of communication and meetings, the average ticket prices have gone up by 30% for the same comparative period. This indicates that the travel costs are not driven by increase in travel volume but by a substantial increase in average ticket prices.
17. Acknowledging funding gaps, the Secretariat applied a prioritization framework to allocate priority investments of US\$ 16.4 M for 2024 (+22% from 2023 priority budget) and will continue to leverage future forecasts to attempt address remaining unfunded needs.
18. Priority investments remain an important funding lever to continue to support the organization's emerging and strategic needs as well as deliver on operational delivery enablers through systems and process optimization. A rear-mirror view on 2023 priority investments illustrates key achievements, including but not limited to:
- Process and systems related investments to improve efficiency and effectiveness of Secretariat operations. These include enhancements on core grant management systems to prepare for GC7 grant making.
  - Launch of the new Travel Management System to improve visibility, efficiency and decision making across the end-to-end travel process.
  - Automation and optimization of key financial management processes.
  - Strengthening policies, procedures and governance across supply operations and defining business requirements for the 'Plan to Report' initiative which is budgeted to be developed in 2024, to power comprehensive health product planning and procurement.
  - Launch of the new Virtual Governance Hub to improve Board and Committees ways of working and information sharing; development of strategic performance online tool for KPI reporting to Board and Committees.
  - Launch of Horizon Strategy Management system for Secretariat wide planning, performance monitoring and process management.
  - First year implementation of People & Organization Ambition including development of psychological safety action plans in key teams, unlocking candor campaign and Diversity, Equity, and Inclusion (DEI) Strategic Plan.
  - Completion of Future of Work initiative including office redesign, facilities upgrades and policies enabling transition to hybrid working environment.
  - Completion of the 2022 Secretariat carbon footprint assessment.
19. The flexibility and adaptability of the OPEX evolution framework has enabled the 2024 Budget proposal to cater for:

- Achieving a stable cost baseline to maintain continued sustainability of OPEX levels.
- Continued investment to support workforce evolution (including funding to absorb CCM evolution from SIs to OPEX), considering the multi-year workforce commitments made in 2023 to enable Strategy delivery.
- Continued investment towards CRG and PSEAH initiatives.
- Accelerated implementation of NextGen market shaping.
- Incremental investments for the 8<sup>th</sup> Replenishment launch, including communications, advocacy, partnership, and Investment Case development.
- Development of the 2026-2028 allocation methodology.
- Additional investments to support transition of CCM evolution from SI to OPEX, scale up of independent evaluations in line with the multi-year evaluation calendar, build out of the new programmatic monitoring function, and additional capacity to support embedding of climate and health across our operations.
- Business process optimization and system improvements including: (i) key grant lifecycle enhancements; (ii) implementation of data marketplace and aggregated data exchange to facilitate direct reporting from countries; (iii) comprehensive health product planning & procurement with the 'Plan to Report' initiative, and (iv) co-financing data integration, among others.
- Investments in assurance including supply chain spot checks for HTM.
- Implementation of the People & Organization Ambition.
- Mandatory funding on structural & technical requirements to cover for leaves, separation, reassignments, reorganization among others. The 2023 budget was made in a difficult inflationary and transitional context where imperatives underlying the new Strategy delivery were prioritized and technical and structural costs were subject to significant trade-offs. In 2024, the impact of re-actualized costs were embedded in the budget to reflect the organizational liabilities on items such as separation & reassignment benefits; removal allowances; parental leaves and non-insurable sick leaves.

20. Staff workforce capacity is dynamic and scalable in nature and is evolving from 1'018 FTEs opening capacity for 2023 to 1'040 FTEs for 2024 (comprising of 1'034 FTEs for current staff workforce capacity and 6 FTEs for priorities). Including Budget of 46 consultants, the total 2024 workforce capacity under OPEX is 1,086 FTEs.

21. The 2024 workforce capacity embeds past workforce decisions, cyclical and priority investment needs, including funding of additional resources to support the shift of CCM evolution from SIs to OPEX. In contrast, the budgeted workforce cost in 2024 is expected to decrease, which illustrates tactical application of efficiencies through pragmatic recruitment phasing and re-prioritization of needs..

22. The Secretariat recommends a 2024 OPEX Budget of **US\$ 342.2 M**<sup>4</sup> with:

- **PART A** – Secretariat OPEX of **US\$ 277.9 M** (including US\$15.9 M for OIG); and
- **PART B** – In-Country Assurance & Independent Bodies of **US\$ 64.4 M**

For the PART A – Secretariat OPEX of US\$ 277.9 M:

- **87%** of the Part A Secretariat OPEX reaffirms that robust investments are maintained on resource mobilization initiatives, operational delivery and Secretariat enablers to support program implementation and deliver high quality GC7 HIV, TB, Malaria and RSSH grants.
- The 2024 Budget for Part A Secretariat OPEX represents a 2% (US\$ 5.7 M) increase from 2023, with incremental investments on:
  - (i) re-actualized budget for technical non-recurring costs driven by separation and reassignment benefits; removal allowances; parental leaves and non-insurable sick leaves; and
  - (ii) incremental funding to support the launch of the 8<sup>th</sup> Replenishment (including Investment Case modelling, partnership building, advocacy meetings and communications) and initiation of the 2026-2028 allocation methodology.

For the PART B – In-country assurance and Independent Bodies of US\$ 64.4 M:

- The 2024 Budget for In-country assurance and Independent Bodies is a 5% (US\$ 3.5 M) decrease from 2023 and mainly driven by the cyclical nature of business operations with 70% of GC7 grant making ending in 2023 & the ensuing reduced cost impact on LFA and TRP costs.
- Part B also embeds the impact of incremental investments of +US\$ 1.7M to support the transition of CCM evolution from SIs to OPEX; and +US\$ 0.7 M on the ELO.

23. The Secretariat will continue to leverage robust financial planning discipline to activate cost efficiencies and optimization approaches to balance resource allocation for

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<sup>4</sup> The addition of Part A and Part B may not add up due to rounding.

operating expenses, catalytic investments and country allocations in a transparent manner.

## **B. Key Drivers of the proposed 2024 Work Plan & Budget Narrative**

24. As part of the Secretariat's internal **integrated organizational planning process used for prioritization, budgeting, and workforce planning**, four priorities were identified for the Secretariat in 2024:
- a. Implement grants for maximum impact.
  - b. Strengthen organizational effectiveness and adaptability.
  - c. Invest in our people and culture.
  - d. Sustain resource mobilization and launch the 8<sup>th</sup> Replenishment.
25. The 2024 Budget **builds on strategic areas prioritized for the start of the new Strategy period** in 2023 while integrating **activities specific to the business cycle**, including early preparations for development of the 2026-2028 allocation methodology, GC8 funding request process and 8<sup>th</sup> Replenishment.
26. **Leveraging 3-year planning undertaken by Secretariat teams** in 2022 to prepare for delivery of the new Strategy, requests for priority funding of \$23.4 M were assessed following a **rigorous prioritization** exercise, considering the constrained resource environment and sustainability of OPEX investments. **\$16.4 M of priority budget** was finalized in line with the following prioritization framework:
- a. **Compliance and existing commitments (US\$1.5 M):** Fully resourced to fulfill minimum obligations. Investments include governance activities, integration of the CCM evolution initiative within OPEX, and independent evaluations.
  - b. **Business cycle activities specific to 2024 (US\$2.8 M):** Resourced in line with historical costs, considering lessons learned and emerging needs. Investments include development of the 2026-2028 allocation methodology, 8<sup>th</sup> Replenishment launch and impact modeling for the Investment Case.
  - c. **Strategy Delivery levers (US\$2.9 M):** Funding based on resources available for allocation, criticality to Strategy delivery and 2024 investment priorities. Investments include progressive funding for programmatic monitoring and strengthening of co-financing data integration, support for human rights crises, supply chain assurance, and efforts to address climate and health across operations.
  - d. **Efficient operational delivery & enablers (US\$7.9 M):** Trade-offs in resourcing levels reflect continuing advancements in organizational maturity, also taking into consideration implementation status of activities continuing from

2023, value for money and expected benefits, implementation capacity, and potential for phasing over time. Investments include scalable funding for multi-year process and system optimization projects; enhancements to core operating systems; organizational culture, talent management and learning; ongoing resource mobilization and communications; and priority investments in IT operations and security.

- e. **Investments in organizational agility and innovation (US\$1.4 M):** Progressive investment in evolving delivery models for greater organizational effectiveness, including IT operating and delivery model and HR optimization and automation.

27. A prioritized list of unfunded and/or partially funded activities has been developed for further consideration for OPEX funding, as resources may be identified through reforecasting process.

28. 2024 organizational priorities have informed resource allocation, prioritizing key areas of strategic and operational focus for the coming year as follows:

- a. **Priority 1: Implement grants for maximum impact**

Priority 1 focuses on completing grant-making for the remaining 30% of the portfolio in 2024 and launching high quality HTM and RSSH implementation to accelerate impact through GC7. This will be complemented by efforts to deliver on the shift from COVID-19 response to systems strengthening and pandemic preparedness through C19RM. Supporting countries and Secretariat Country Teams in implementation delivery will be a key lever for the successful launch of GC7 grants, reinforced by the establishment of a new Implementation and Challenging Operating Environment (COE) Team within the Grant Management Division (GMD). Implementation of the next cycle of Strategic Initiatives will also begin in 2024, working with countries, communities and partners to address mission critical needs in delivery of the new Strategy, in synergy with county allocations.

Leveraging investments in the scale-up of strategic capabilities in both the Community, Rights and Gender Department and GMD, specific attention will be given to embedding key elements of the new Strategy in implementation, including continued engagement of communities beyond the funding request stage, strengthening and evolution of CCMs, and efforts to maximize health equity, gender equality and human rights via HTM and RSSH investments. Accelerating the NextGen market shaping approach through use of the Revolving Facility to scale up health product introductions, promotion of capacity building for regional manufacturing and support for sustainable procurement and supply chains will continue to drive equitable access to quality assured health products. Scale-up of prevention, monitoring and investigation of SEAH cases will continue, with a focus on capacity building at implementer level and SEAH risk mitigation at grant intervention level, alongside provision of trauma-informed victim advocacy and in-country support.

b. **Priority 2: Strengthen organizational effectiveness and adaptability**

Priority 2 focuses on strengthening the Secretariat's effectiveness and adaptability, underpinned by efforts to optimize organizational processes, systems and structures to maximize agility for the future. This encompasses continuous improvement of financial, grant and procurement management systems as well as introduction of new uses of technology to enhance efficiency, effectiveness and data quality across our operations from virtual governance and travel management to comprehensive health product planning and procurement with the 'Plan to Report' initiative. Efforts to bolster information security to mitigate evolving risks in a complex environment will be complemented by an evolved IT operating and delivery model.

Strengthening use of data for monitoring, performance management, decision-making & learning will be a cornerstone for 2024, illustrated by the build out of the programmatic monitoring function to deliver more timely access to a broader set of programmatic data and enhanced analytical and reporting capabilities. Scale up of the recently established independent evaluation function will see four high quality, relevant and timely evaluations launched in 2024, in line with the multi-year evaluation calendar. Embedding efforts to address climate and health across our operations, encompassing Secretariat, sourcing/health product procurement and country-facing dimensions will be critical in looking ahead to the future.

c. **Priority 3: Invest in our people and culture**

Priority 3 will focus on scaling up delivery of the People & Organization Ambition in its second year of implementation. This entails driving a continuously agile organization, through implementation of organizational changes as needed, guided by a new playbook for re-organizations, and ongoing improvements to enhance the strategic delivery, efficiency, and accuracy of workforce planning. The combination of many competing priorities in 2023 including grant implementation, grant making and the C19RM extension is placing significant pressure on already overstretched implementers and Secretariat staff. These are known to impact health, wellbeing and motivation and increase the risk of burn-out. As the Global Fund looks towards the next, even more ambitious, strategy implementation period, combined with flat OPEX and a C19RM workforce cliff, there is a need for increased prioritization and workforce planning and preparation. Efforts to embed an inclusive culture of care and candor will continue, with a focus on supporting teams with low psychological safety and an emphasis on sustainable health & wellbeing. Implementation of the DEI Strategic Plan will remain a priority in 2024, as will cultivation of the right talent for now and the future. With a ramp down in recruitment expected following the integration of new strategic capabilities for Strategy delivery in 2023, the focus will shift towards learning and leadership development, including new tools and targeted support for people managers. Further optimization and automation of

human resources service delivery will remain a priority, with a view to enhance sustainability and effectiveness.

d. **Priority 4: Sustain resource mobilization and launch the 8<sup>th</sup> Replenishment**

The focus of Priority 4 is on sustaining resource mobilization, including securing timely pledge conversion for the 7<sup>th</sup> Replenishment, while preparing to launch the 8<sup>th</sup> Replenishment. Strengthening the Global Fund's position within the rapidly evolving health and development landscape will be critical in laying the foundation for the next Replenishment, reinforced by impactful communications, advocacy and partnerships. Based on lessons learned from the 7<sup>th</sup> Replenishment, efforts will be made to frontload activities to 2024, with earlier planning, cross-cutting coordination and fostering alignment between the 8<sup>th</sup> Replenishment Investment Case and campaign, to be launched in early 2025. Accelerating domestic resource mobilization remains a priority for 2024, including through leveraging advocacy and partnership with countries as well as innovative financing opportunities.

## **Recommendation**

The Board is requested to approve the Decision Point presented on page 1.

# Annexes

The following items can be found in Annex:

- Annex 1: 2024 Budget by major cost categories (PART A - Secretariat)
- Annex 2: 2024 Budget by major cost categories (PART B - In-Country & Independent Bodies)
- Annex 3: Relevant past Board Decisions
- Annex 4: Links to relevant past documents and reference materials



## Annex 1 – 2024 Budget by major cost categories (PART A - Secretariat)

### Budget category (US\$ millions)

Total Workforce	LFA & CCM	Professional fees	Office infrastructure	Travel	Meetings
188.7	-	34.0	21.3	14.3	2.4
Communication	Board constituencies	Other	Non-recurring costs	Total	
2.0	1.4	3.4	10.3	<b>277.9</b>	

### Total Workforce (incl. consultants) (US\$ millions)

Budget 2023	Budget 2024
190.5	188.7

### LFA & CCM (US\$ millions)

Budget 2023	Budget 2024
-	-

### Professional fees (excl. individual contractor) (US\$ millions)

Budget 2023	Budget 2024
29.6	34.0

### Travel expenditures (US\$ millions)

Budget 2023	Budget 2024
13.3	14.3

## Annex 2 – 2024 Budget by major cost categories (PART B - In-Country & Independent Bodies)

### Budget category (US\$ millions)

Total Workforce	LFA & CCM	Professional fees	Office infrastructure	Travel	Meetings
4.9	53.8	5.1	-	0.4	0.1
Communication	Board constituencies	Other	Non-recurring costs	Total	
0.0	-	-	-	64.4	

### Total Workforce (incl. consultants) (US\$ millions)

Budget 2023	Budget 2024
4.8	4.9

### LFA & CCM (US\$ millions)

Budget 2023	Budget 2024
56.5	53.8

### Professional fees (excl. individual contractor) (US\$ millions)

Budget 2023	Budget 2024
5.6	5.1

### Travel expenditures (US\$ millions)

Budget 2023	Budget 2024
0.4	0.4

## Annex 4 – Relevant past Board Decisions

### Relevant past Decision Point      Summary and Impact

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GF/B48/DP05: 2023 Work Plan and Budget Narrative and 2022 Operating Expenses Budget<sup>7</sup>

Based on the recommendation of the Audit and Finance Committee (AFC), and the recommendation of the Secretariat to supplement the AFC's recommendation, the Board approves the following:

- i. the 2023 Work Plan and Budget Narrative, as set forth in GF/B48/02A – Revision 1; and
- ii. the 2023 Operating Expenses Budget in the amount of US\$ 340 million (comprising (i) PART A Secretariat Operating Expenses of US\$ 272 million, which includes US\$ 16.5 million for the Office of the Inspector General's 2023 Operating Expenses; and (ii) PART B In-Country and Independent Bodies of US\$ 68 million), as set forth in GF/B48/02A – Revision 1.

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GF/B48/DP04: Sources and Uses of Funds for the 2023-2025 Allocation Period (November 2023)<sup>8</sup>

Based on the recommendation of the Audit and Finance Committee, as presented in GF/B48/03A – Revision 1, the Board approves US\$ 12.903 billion as sources of funds for allocation for the 2023-2025 allocation period. The total amount of sources of funds for allocation includes a deduction of US\$ 1.025 billion of forecasted aggregate operating expenses for the 2023-2025 allocation period.

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GF/B45/DP02: Operating Expenses for the 2020-2022 Allocation Period

Based on the recommendation of the Audit and Finance Committee, the Board approves the increase of forecasted aggregate operating expenses available for the 2020-2022 allocation period by US\$ 30 million, in order to facilitate the implementation of critical activities in 2022; such that the amount made available for operating expenses for the 2020-2022 allocation cycle shall be US\$ 930 million.

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<sup>7</sup> <https://www.theglobalfund.org/kb/board-decisions/b48/b48-dp05/>

<sup>8</sup> <https://www.theglobalfund.org/kb/board-decisions/b48/b48-dp04/>

## **Annex 5 – Links to relevant Past Documents & Reference Materials**

- GF/B48/02A\_Rev1 [2023 Work Plan, Budget Narrative and Operating Expenses](#)
- GF/B48/02B\_Revision 1 [Strategy Costing, 3 year aggregate OPEX, 2023 Budget](#)
- GF/B48/03A\_Rev1 [2023-2025 Allocation – Sources of Funds](#)
- GF/B48/03B\_Rev1 [2023-2025 Allocation – Sources of Funds](#)
- [B48 Report](#)
- GF/B45/02 [OPEX Evolution 2020-2022 Budget Ceiling Revision](#)
- [B45 Report](#)