

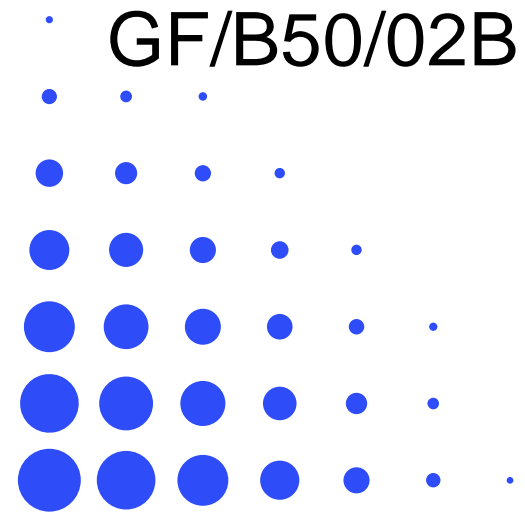
2024 Operating Expenses Budget

OPEX

50th Board Meeting

14-16 November 2023, Geneva, Switzerland

GF/B50/02B



Executive Summary

OPEX remains stable & within the 3-year aggregate forecast¹ of US\$ 1'025M

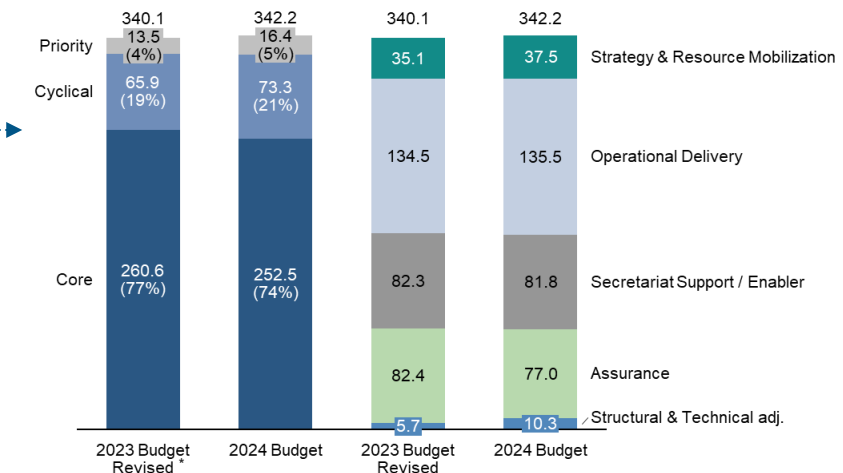
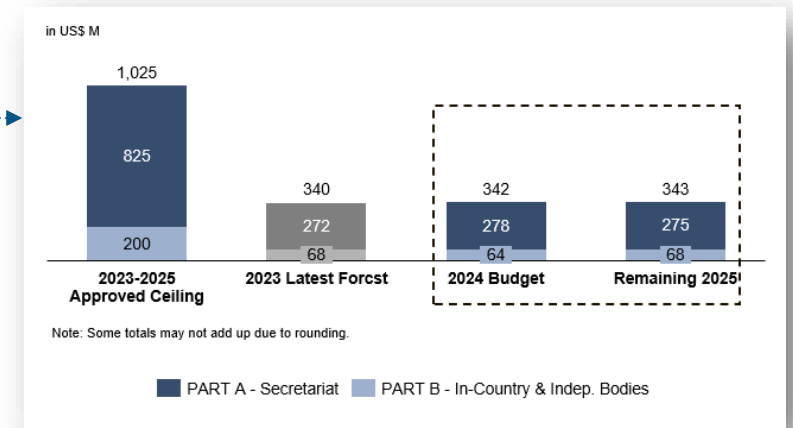
- ✓ 3-year aggregate OPEX forecast¹ is **US\$ 1'025M**.
- ✓ 2024 Budget maintains a **stable trajectory** within an adaptable evolution framework.
- ✓ Holistic Secretariat Operating Expenses (inc. C19RM & SI) remains flat for 2024.

OPEX evolution framework remains flexible to available sources of funds

- ✓ Budget proposal of **US\$ 342.2M²** comprise of : **PART A** Secretariat Operating Expenses - **US\$ 277.9M** (including OIG of US\$ 15.9M); and **PART B** In-Country & Independent Bodies - **US\$ 64.4M**.
- ✓ **74% of the OPEX proposal** focuses on **core operational delivery** (grants and resource mobilization), illustrating deliberate prioritization in core functions to deliver the next Strategy.
- ✓ **Optimization efforts** identified **US\$ 9.3M** (2.8% of baseline) savings to stabilize the cost base.
- ✓ **Overall 2024 OPEX Budget proposal:**
 - Reinforces investments in CRG, PSEAH initiatives and NextGen market shaping.
 - Provides incremental funding on Evaluation & Learning Office (ELO) & integrated CCM Evolution.
 - Embeds re-actualized structural & technical costs to cover statutory non-recurring expenses.
 - **US\$16.4M** of priority investment for strategic & emerging needs - 8th Rep & Investment Case launch; health product planning & procurement; and some investments on process improvements & optimizations.

Limited allocation for Efficient Operational and Enablers

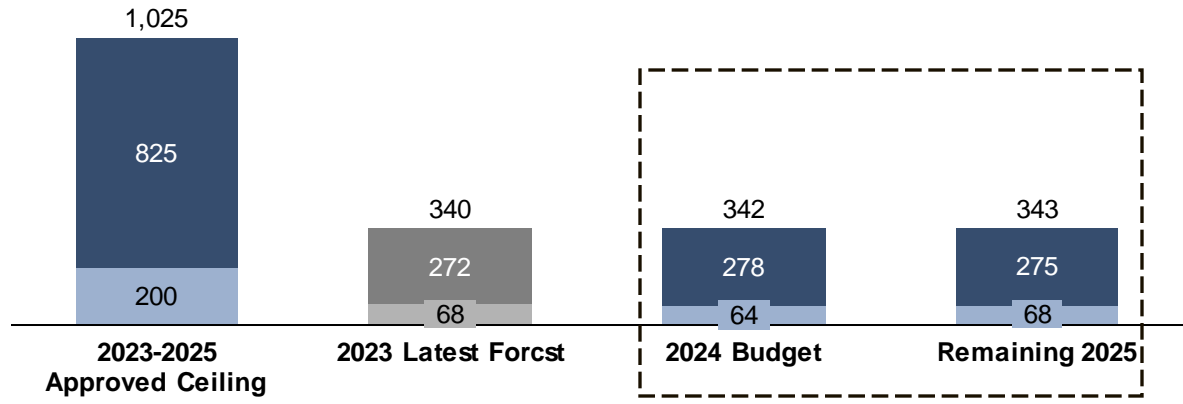
- ✓ Acknowledging funding gaps in operational delivery enablers, **future forecast will prioritize re-investments** to continue to support the maturity, agility and simplification of business processes and automation leveraging modern technology.



Budget phasing is stable & within the 3-year aggregated operating exp. forecast* of US\$ 1'025 M, amidst continued inflationary pressures on the baseline

Part A & B mix remains on a stable trajectory to meet the 80/20 ratio. Lower budget of In-country & independent bodies follows the cyclical nature of operations with ~70% of GC7 grant making being completed in 2023.

in US\$ M



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

■ PART A - Secretariat ■ PART B - In-Country & Indep. Bodies

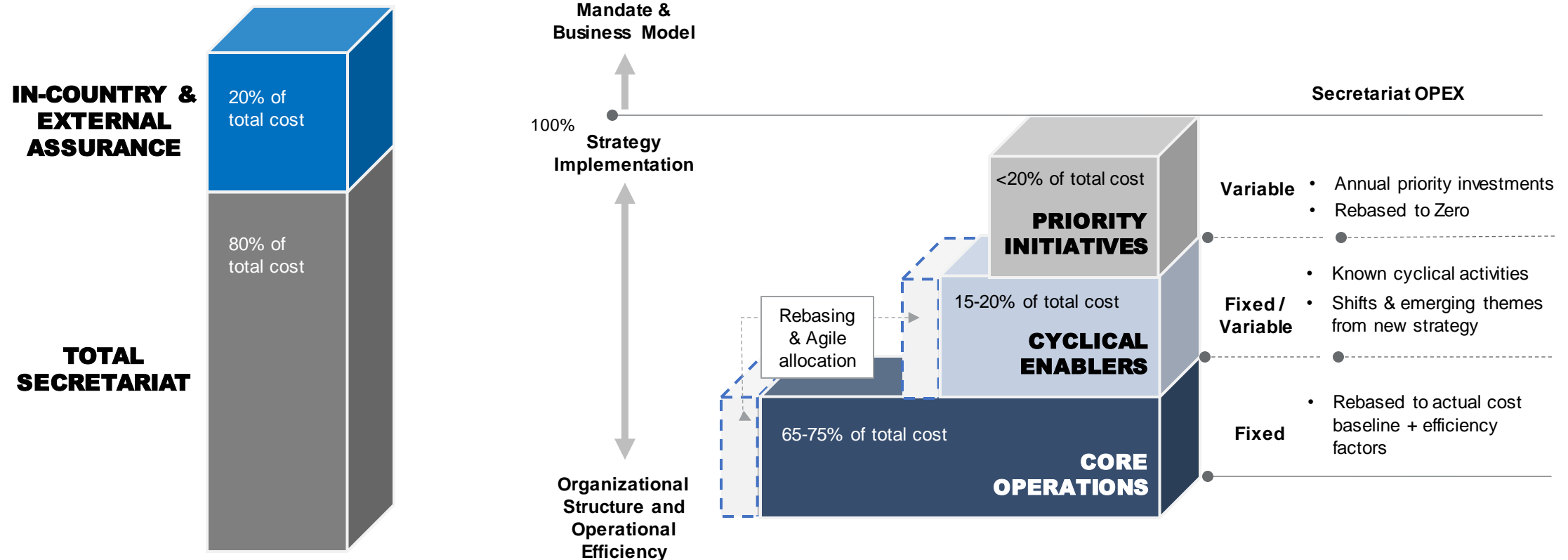
Insights

- **Budget evolution is stable** and remains within the 3-year approved aggregated operating expenses of US\$ 1'025 Bn.
- **2024 budget of US\$ 342.2 M** represents a marginal increase with additional funding earmarked for: resource mobilization initiatives in view of the 8th Replenishment; operational delivery to reinforce GC7 grant implementation; and fund the impact of re-actualized structural & technical adjustments.
- To address the shift in the C19RM investment landscape, **supplementary funding for In-Country & Independent bodies** is budgeted for under C19RM funding.
- **Reminder : 3-year aggregate operating expenses** for 2023-2025 of US\$ 1'025 M comprised of:
 - **US\$ 825 M (80%) – PART A Secretariat** to cover secretariat operational capabilities, monitoring & oversight activities & independent oversight of the OIG.
 - **US\$ 200 M (20%) – PART B In-Country & Independent Bodies** for new evaluation function, TRP, LFA, CCM & PDQA.

* Board decision on 2023-2025 Sources and Uses of Funds GF/B48/DP04

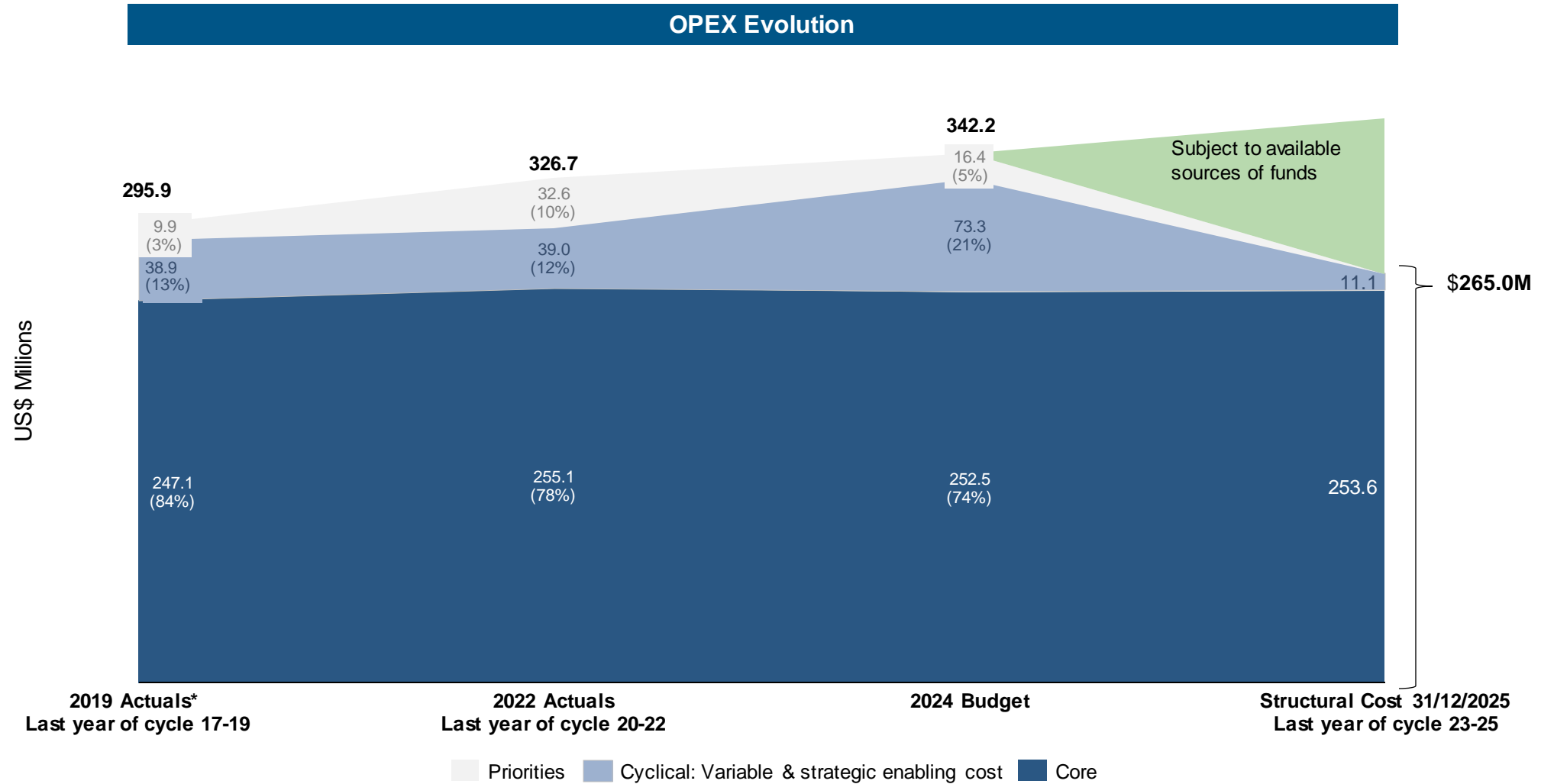
REMINDER: OPEX Evolution allows for differentiation & categorization of OPEX resources to increase flexibility of the cost base and enhance alignment with strategy delivery

Strategy Costing Principles allocate OPEX flexibly towards changing priorities



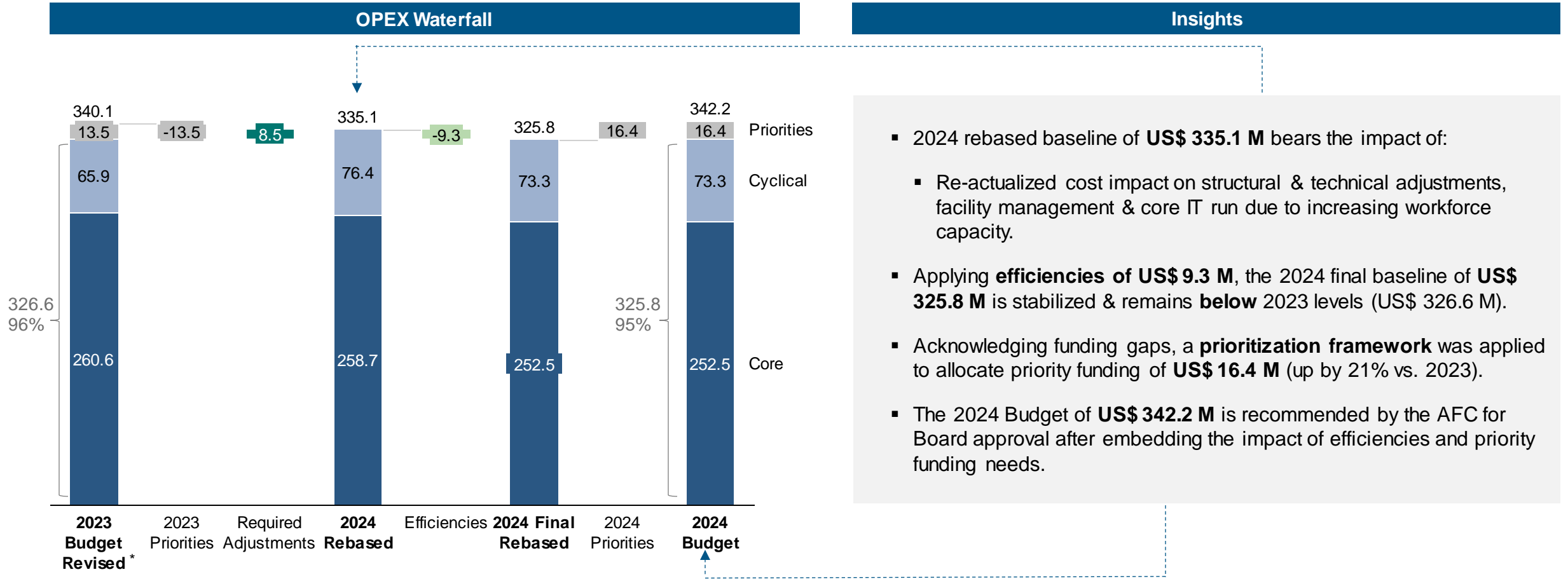
Over time, OPEX structure was rebalanced with a reduction of 10 % points on ‘fixed costs’, enabling adaptability and scalability for the 8th replenishment

Applying the OPEX evolution framework with US\$ 265 M as estimated starting base for the next 2026-28 cycle



Secretariat optimization identified efficiencies to stabilize cost baseline and sustain the trajectory for 2024 & the 3-year operating expenses

Efficiency efforts on the baseline creates fiscal space to fund strategy enabling & emerging needs



* 2023 Revised Budget contains reclass between divisions and re-allocation across cost categories to adapt to evolving needs and change in organizational structure while maintaining the prioritization in the board approved budget.

Acknowledging funding gaps, the Secretariat applied a prioritization framework to allocate priority investments and will leverage forecasts to address remaining unfunded needs

Future re-forecast in 2024 will prioritize re-investments to cover for identified gaps in operational delivery enablers to continue support the process & systems optimization journey

Activity Type	Funding in \$ M		Priority Investment Highlights
	2023	2024	
1. Compliance & existing commitments		1.5	<ul style="list-style-type: none"> Integrate evaluations previously covered under SIs in 2023 (ELO) Independent Evaluation Panel (IEP) assessment & Board retreat
2. Business cycle activities	0.4	2.8	<ul style="list-style-type: none"> R8 launch, balancing historical pre- Repl. level w/increase from R7 Investment case modelling
3. Strategy delivery levers	1.4	2.9	<ul style="list-style-type: none"> Progressive investment in prog. monitoring function & health financing Funding for Supply Chain HTM Spot Checks
4. Efficient operational delivery & enablers a. Maintain core operating systems b. Process & system optimization c. Organizational culture, talent management & learning d. Ongoing resource mobilization & comms e. Ongoing IT operations & security	11.1	7.9	<ul style="list-style-type: none"> Priority budget calibrated to 2023 delivery Scalable reductions to process & system optimization projects & enhancements (multiple) Secretariat will leverage future forecasts in 2024 to support re-investments & mitigate identified gaps on process & systems optimization
5. Other (organization design & delivery models, innovation)	0.6	1.4	<ul style="list-style-type: none"> Evolve organizational design & delivery models Innovation – modelling & PFM
Total	13.5	16.4	

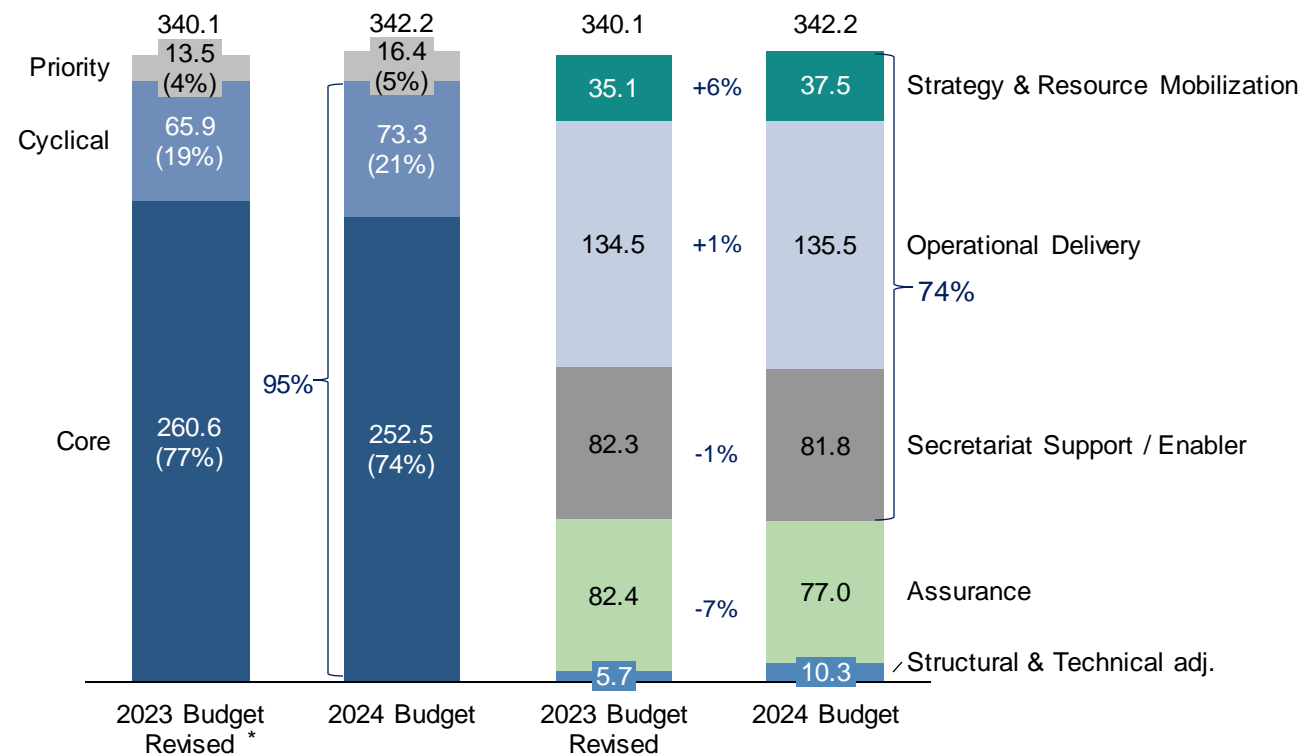
2023 Priority Budget 2024 Org Planning Recommend.

Targeted adjustments on prioritized areas allowing to maintain a quasi-stable budget in 2024 while prioritizing 8th Replenishment launch

Activation of efficiencies maintains a stable budgetary mix with 95% of budgets on core & cyclical costs; and 5% to fund priority needs.

in \$ M

Budget 2024 – Category & Delivery Approach



Key Investment Highlights

Strategy & Resource Mobilization

- Incremental investments for the 8th Replenishment initiatives, including investment case modelling & new allocation model, communications, advocacy and building partnerships.

Operational Delivery

- Reinforce investments on operational & technical delivery for GC7 grant implementation and the closure of GC6 grants for 70% of the portfolio.
- Additional investments also earmarked to support CCM evolution; programmatic monitoring function; Community, Rights & Gender (CRG); and development of co-financing data integration.

Secretariat Support Enablers

- Optimization of costs embedded while maintaining investments on critical Secretariat support & enablers to support strategy delivery.

Assurance

- Investment trajectory in assurance includes reductions for TRP (cyclical) and balance assurance investment for OPEX and C19RM appropriately
- Continued funding of evaluation functions & PSEAH supports acceleration of the initiatives.

Structural & technical adjustments

- Budget reflects the re-actualized cost impact for leaves, termination, reassignments, reorgs among others and reflects past expenditure & forecast levels.

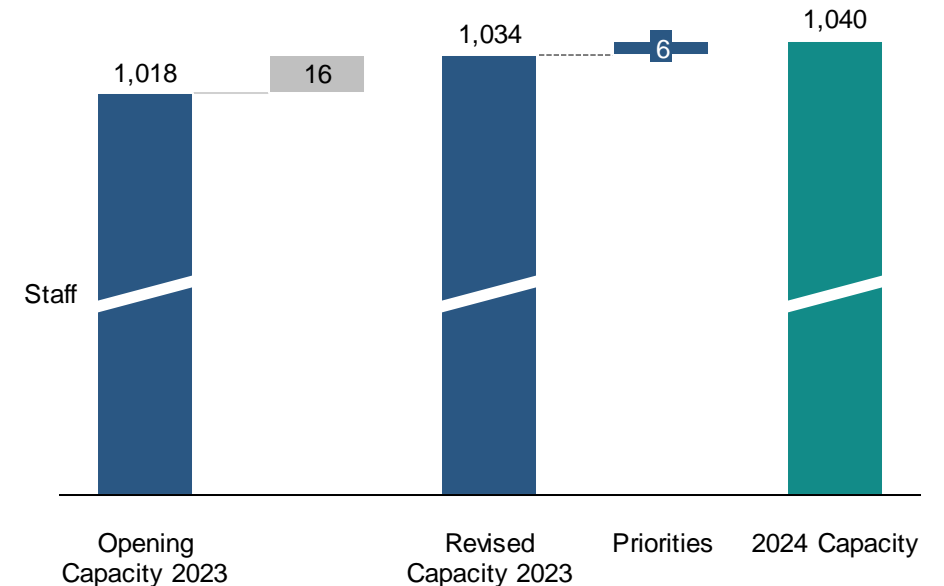
Budget proposal by cost nature : targeted increases on prof. fees for process optimization, enhancements & technical non-recurring costs

2024 OPEX Budget – Aggregated Part A + Part B – By Cost Nature

By cost nature					
in US\$M					
Cost Nature	2023 Budget	2023 Revised Budget *	2024 Budget	Variance 2024 vs 2023	
1. Workforce	195.3	192.8	193.7	(1.6)	(1%)
Total Salary	190.8	188.0	189.3	(1.4)	(1%)
Consultants	4.5	4.8	4.3	(0.1)	(3%)
2. Non-Workforce	139.8	141.5	138.3	(1.5)	(1%)
LFA Fees	45.9	45.9	43.2	(2.7)	(6%)
CCM Funding	10.6	10.6	10.6	-	0%
Total Prof. Fees	35.2	38.9	39.1	3.9	11%
Travel	13.8	15.1	14.7	0.9	7%
Office Infra.	23.0	21.2	21.3	(1.6)	(7%)
Communications	2.6	2.1	2.0	(0.5)	(21%)
Board Constituency Funding	1.6	1.5	1.4	(0.1)	(9%)
Depreciation of assets	4.8	4.0	3.4	(1.4)	(30%)
Meetings	2.4	2.0	2.5	0.1	6%
3. Non-recurring costs	5.0	5.7	10.3	5.3	104%
Grand Total	340.1	340.1	342.2	2.2	1%

Staff FTE

2024 Staff Workforce FTEs



- **Workforce** represents 57% total budget & includes investments for the transition of CCM evolution from SIs to OPEX & surge need on the allocation model. The decrease in workforce cost despite the evolution of staff workforce capacity illustrates application of efficiencies through pragmatic phasing of recruitment on the basis of re-prioritization of needs.
- **Non – Workforce** represents 43% of total budget
 - LFA Fees, Professional Fees, Travel & Office infrastructure make up **86%** of the non-workforce costs. Compared to 2023 revised budget, the 2024 professional fees budget is stable. The investments in professional fees are prioritized for business process optimization & system enhancements on: grant lifecycle; plan to report; data marketplace; supply chain spot checks; business process optimization & analytics among others.
- Overall, 2024 OPEX budget is **driven by cost optimization and efficiencies** with the exception of prof fees, travel and non-recurring cost (structural & technical adj.) which takes into account cyclicity, market changes and statutory obligation as outline in slides 13 to 15.

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

* 2023 Revised Budget contains reclass between divisions and re-allocation across cost categories to adapt to evolving needs and change in organizational structure while maintaining the prioritization in the board approved budget.

2024 Holistic OPEX mainstreams funding for Evaluation and CCM from SI to OPEX as endorsed by the Board

By Delivery Approach

in \$ M	2024 Budget				2023 Budget				2024 vs 2023 %
	OPEX - Budget	OPEX - C19RM	OPEX - SI Projection*	TOTAL	OPEX - Revised Budget**	OPEX - C19RM revised	OPEX - SI	TOTAL	
Strategy & Resource Mobilization	37.5	1.5	0.2	39.3	35.1	1.5	-	36.6	7%
Strategy	9.1	-	-	9.1	9.6	-	-	9.6	(5%)
Resource Mobilization	28.4	1.5	0.2	30.1	25.5	1.5	-	27.0	11%
Operational Delivery	122.1	15.1	3.4	140.6	122.6	16.3	7.1	145.9	(4%)
Grant Mgt Country Teams	75.5	9.6	-	85.1	77.1	9.5	-	86.7	(2%)
Technical Delivery	46.6	5.6	3.4	55.6	45.5	6.8	7.1	59.3	(6%)
Secretariat Support / Enabler	81.8	12.9	0.4	95.1	82.3	11.4	-	93.7	2%
Assurance	26.1	1.0	-	27.1	26.3	1.0	-	27.3	(1%)
Structural & Technical Adjustment	10.3	1.2	-	11.5	5.7	0.8	-	6.5	76%
PART A- Total Secretariat	277.9	31.7	4.0	313.6	272.0	31.0	7.1	310.1	1%
Operational Delivery	13.5	0.2	-	13.6	11.9	0.5	0.8	13.2	3%
CCM & CCM Evolution	13.5	0.2	-	13.6	11.9	0.5	0.8	13.2	3%
Assurance	50.9	14.0	-	64.9	56.1	11.4	1.0	68.4	(5%)
Part B - In-Country & Independent bodies	64.4	14.2	-	78.5	68.0	11.9	1.8	81.7	(4%)
PART A + PART B TOTAL	342.2	45.9	4.0	392.1	340.1	42.9	8.8	391.8	0.1%

2024 holistic budget highlights :

- Reduction in funding for Strategic Initiatives (from US\$ 321 M in GC6 to US\$ 105¹ M in GC7) resulting in lower SI OPEX as of 2024.
- Assurance (part B): lower level of activity expected from TRP & LFA in 2024 as grant making will be completed for 70% of grant portfolio by end of 2023

* SI Projection subject to changes pending GAC approval of budgets

**2023 Revised Budget contains reclass between divisions and re-allocation across cost categories to adapt to evolving needs and change in organizational structure while maintaining the prioritization in the board approved budget.

1. Excludes Emergency Funding and Private Sector funding

Workforce FTE 2024 Holistic (OPEX, C19RM, SI) Budget by Delivery Approach

Delivery FTE	2024 -OPEX - Budget			2024 - OPEX - C19RM			2024 - OPEX - SI		TOTAL			
	Staff	Consultant	Workforce	Staff	Consultant	Workforce	Staff	Workforce	Staff	Consultant	Workforce	% Workforce
Strategy & Resource Mobilization	138	15	152	8	3	11	0	0	146	18	163	13%
<i>Strategy</i>	26	4	30	0	0	0	0	0	26	4	30	2%
<i>Resource Mobilization</i>	112	11	123	8	3	11	0	0	120	14	134	11%
Operational Delivery	570	14	584	79	8	87	23	23	672	22	694	55%
<i>Grant Mgt Country Teams</i>	370	4	374	51	2	53	0	0	421	6	427	34%
<i>Technical Delivery</i>	200	10	210	28	6	34	23	23	251	16	267	21%
Secretariat Support / Enabler	200	10	210	42	6	48	0	0	242	16	258	20%
Assurance	106	3	109	3	2	5	0	0	109	5	114	9%
Structural & Technical Adjustment		0					0	0	0	0	0	0%
PART A - Total Secretariat	1,013	43	1,056	132	19	151	23	23	1,168	62	1,230	98%
Operational Delivery	10	0	10	0	0	0	0	0	10	0	10	1%
<i>CCM & CCM Evolution</i>	10	0	10	0	0	0	0	0	10	0	10	1%
Assurance	17	3	20	0	0	0	0	0	17	3	20	2%
Part B - In-Country & Independent bodies	27	3	30	0	0	0	0	0	27	3	30	2%
PART A + PART B - TOTAL	1,040	46	1,086	132	19	151	23	23	1,195	65	1,260	100%

Workforce	
Core	61%
Cyclical	37%
Priorities	2%
TOTAL	100%



Pre-Read

Marginal increase in Prof. fees with integration of CCM evolution costs and lower TRP cost given cyclical nature and volume of TRP activities

	Strategy & Resource Mobilization				Operational Delivery				Secretariat Support / Enabler				Assurance				Total			
	2023 Revised Budget	2024 Budget	Variance		2023 Revised Budget	2024 Budget	Variance		2023 Revised Budget	2024 Budget	Variance		2023 Revised Budget	2024 Budget	Variance		2023 Revised Budget	2024 Budget	Variance	
			abs	%			abs	%			abs	%			abs	%			abs	%
IT Projects & Outsourced	0.7	0.2	(0.5)	-69%	2.2	2.8	0.7	32%	10.3	10.8	0.5	5%	0.8	0.1	(0.7)	-90%	13.9	13.9	0.0	0%
Management & Technical Consulting	2.4	2.3	(0.1)	-5%	1.9	3.9	2.0	103%	3.3	2.6	(0.7)	-23%	2.7	2.6	(0.1)	-5%	10.4	11.3	1.0	9%
GHC & Admin	-	-	-		-	-	-		4.2	4.8	0.5	12%	-	-	-		4.2	4.8	0.5	12%
TRP & Eval.	-	-	-		-	-	-		-	-	-		3.7	2.7	(1.0)	-26%	3.7	2.7	(1.0)	-26%
OIG	-	-	-		-	-	-		-	-	-		2.8	2.6	(0.2)	-8%	2.8	2.6	(0.2)	-8%
Communication & PR	1.3	1.5	0.2	19%	-	-	-		-	-	-		-	-	-		1.3	1.5	0.2	19%
Recruitment & Training & Onboarding	0.1	0.2	0.0	31%	-	-	-		1.3	1.0	(0.4)	-27%	-	-	-		1.5	1.2	(0.3)	-21%
Audit & Legal Fees	-	-	-		-	-	-		1.2	1.1	(0.1)	-8%	-	-	-		1.2	1.1	(0.1)	-8%
Total Prof. Fees	4.5	4.2	(0.3)	-7%	4.1	6.7	2.6	65%	20.3	20.2	(0.2)	-1%	10.0	8.0	(2.0)	-20%	38.9	39.1	0.2	0%

Automation & Governance projects Finalized in 2023

CCM Evolution and New products introduction

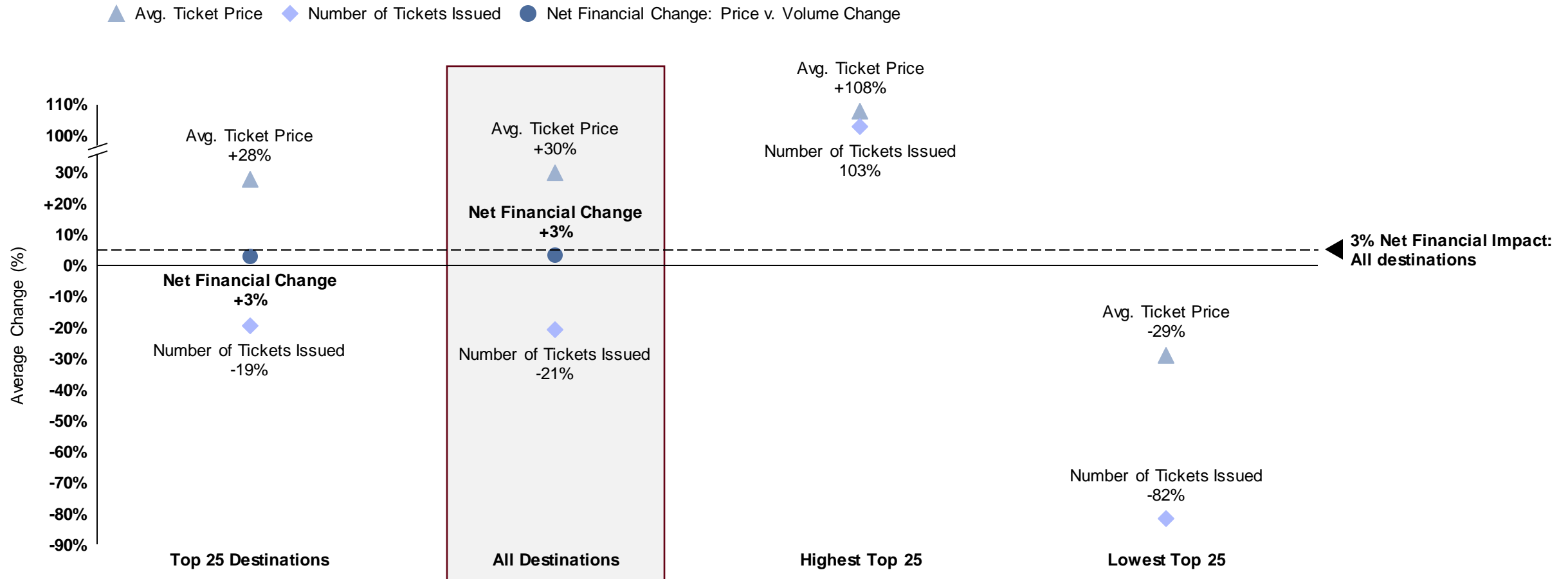
LFA Module and Integrated Risk modules completed

TRP decrease due to second year of grant making

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

To support climate & CO2 reduction efforts, volume of travel reduced by 21%, however the overall budget is impacted by the 30% increase in average ticket prices given market dynamic

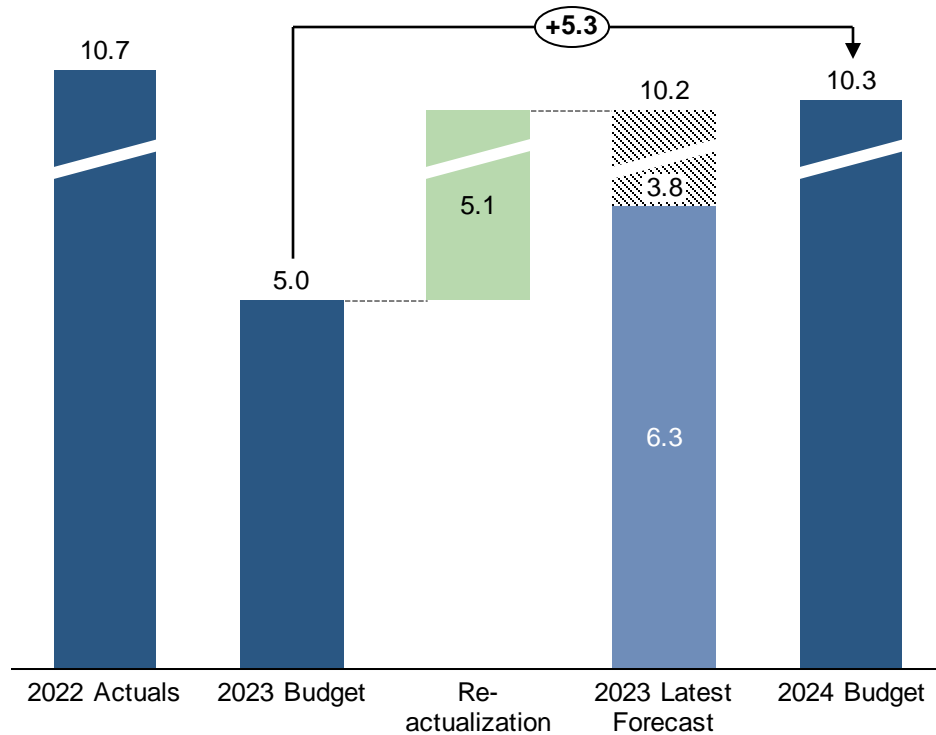
Budget Impact of Travel Price & Volume Changes: 2019 v. 2023 (first 9 months of year)



Despite an increase in ticket pricing of ~30% coupled with a growth in overall workforce of ~35% (incl. C19RM and SI) versus 2019, the Secretariat managed to limit the budgetary impact (+3%) of travel by leveraging on virtual and hybrid meetings with countries and a reduction in the volume of travel.

Re-actualized Structural & Technical Adjustments costs embedded in 2024 Budget to reflect statutory obligation based on historical trend

Central Reserves represent an increase of +US\$ 5.3 M from 2023 Budget and reflects re-actualized costs based on past spend levels



■ 2023 August YTD Actuals

Insights

- The 2023 Budget was made in a difficult inflationary & transitional context which required trade off decisions.
- Structural & technical adjustments were consequently under-budgeted in 2023 & re-actualized through the forecast.
- Main drivers underlying the US\$ 5.3 M increase relates to re-actualization of costs based on current spend levels for:
 - Separation & reassignment benefits (+US\$ 2 M)
 - Removal allowances (+US\$ 1 M)
 - Parental leave (+US\$ 1.5 M)
 - Non-insurable sick leave (+US\$ 0.7 M)
- 2024 Budget of US\$ 10.3 M represents a best estimate of Structural & technical adjustments.

* Structural & technical adjustments relates to Central Reserves (non-recurring cost) and includes: leaves, terminations, reassignments, removal allowance, organizational & divisional reorgs among others.

Holistic budget view illustrates the complementarity of the different funding sources to accelerate critical priorities (R8, GC7, C19RM shift) and remains flat

By Cost Nature

in \$ M	2024 Budget				2023 Budget				2024 vs 2023 %
	OPEX - Budget	OPEX - C19RM	OPEX - SI Projection*	TOTAL	OPEX - Revised Budget**	OPEX - C19RM revised	OPEX - SI	TOTAL	
1. Workforce	193.7	23.2	3.6	220.5	192.8	20.4	8.3	221.5	0%
Total Salary	189.3	20.8	3.6	213.7	188.0	17.6	7.4	213.0	0%
Consultants	4.3	2.4	-	6.8	4.8	2.7	0.9	8.5	-20%
2. Non-Workforce	138.3	21.4	0.4	160.1	141.5	21.7	0.6	163.7	-2%
LFA Fees	43.2	14.0	-	57.2	45.9	11.0	-	56.9	0%
CCM Funding	10.6	0.2	-	10.8	10.6	0.5	-	11.1	-3%
Total Prof. Fees	39.1	3.7	-	42.8	38.9	6.7	-	45.6	-6%
Travel	14.7	1.8	0.3	16.8	15.1	1.8	0.3	17.3	-3%
Office Infra.	21.3	1.8	-	23.1	21.2	1.7	-	22.9	1%
Communications	2.0	-	-	2.0	2.1	-	-	2.1	-4%
Board Constituency Funding	1.4	-	-	1.4	1.5	-	-	1.5	-4%
Depreciation of assets	3.4	-	-	3.4	4.0	-	-	4.0	-16%
Meetings	2.5	0.0	0.1	2.6	2.0	-	0.3	2.3	16%
3. Non-recurring costs	10.3	1.2	-	11.5	5.7	0.8	-	6.5	76%
Grand Total	342.2	45.9	4.0	392.1	340.1	42.9	8.8	391.8	0%

- Following AFC's feedback, the Secretariat explained that LFA fees were reassessed holistically and the LFA budget for 2024 has increased from US\$ 11 million to US\$ 14 million to address expected changes in investment landscape from the 'C19RM shift', with the available C19RM funding for management and operating costs.

* SI Projection subject to changes pending GAC approval of budgets

**2023 Revised Budget contains reclass between divisions and re-allocation across cost categories to adapt to evolving needs and change in organizational structure while maintaining the prioritization in the board approved budget.

2024 Budget proposal illustrates robust investment levels (74%) on resource mobilization ; operational delivery & support enablers for strategy implementation

2024 OPEX Budget – By Delivery Approach

in US\$M

Delivery	2023 Budget	2023 Revised Budget *	2024 Budget	Variance 2024 vs 2023	
Strategy & Resource Mobilization	34.3	35.1	37.5	3.2	9%
Strategy	10.8	9.6	9.1	(1.7)	(15%)
Resource Mobilization	23.5	25.5	28.4	4.9	21%
Operational Delivery	123.3	122.6	122.1	(1.2)	(1%)
Grant Mgt Country Teams	78.7	77.1	75.5	(3.2)	(4%)
Technical Delivery	44.6	45.5	46.6	2.0	4%
Secretariat Support / Enabler	81.5	82.3	81.8	0.3	0%
Assurance	28.1	26.3	26.1	(2.0)	(7%)
Structural & Technical Adjustment	5.0	5.7	10.3	5.3	104%
PART A - Total Secretariat	272.2	272.0	277.9	5.7	2%
Operational Delivery	11.8	11.9	13.5	1.7	14%
CCM & CCM Evolution	11.8	11.9	13.5	1.7	14%
Assurance	56.1	56.1	50.9	(5.2)	(9%)
Part B - In-Country & Independent bodies	67.9	68.0	64.4	(3.5)	(5%)
PART A + PART B - TOTAL	340.1	340.1	342.2	2.2	1%

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

* 2023 Revised Budget contains reclass between divisions and re-allocation across cost categories to adapt to evolving needs and change in organizational structure while maintaining the prioritization in the board approved budget.

Key Investment Highlights

- Marginal budget increase in 2024 driven by:
 - Structural & technical adjustments.
 - Incremental investments on resource mobilization in view of the 8th replenishment initiatives.
 - Additional investments on Part B Operational delivery for CCM evolution, programmatic monitoring function & co-financing system development.
- Activation of efficiency levers allows to reduce the core cost baseline and enabled fund strategic priority investment needs of US\$ 16.4 M.
- Decrease in assurance costs follows the cyclical nature of operations with >70% of GC7 grant making ending in 2023 and resulting in lower TRP costs for 2024. At the holistic OPEX level, 2024 LFA budget increased.

Incremental budget on Part A supports impact of technical non-recurring costs while decrease in Part B budget reflects cyclical trend of operations

Budget 2024 – Cost by Nature view

Part A: Secretariat							
in \$ M	OPEX			change 2023 vs 2024 budget		% of total	
	2023 Budget	2023 Revised Budget*	2024 Budget	abs	%	2023 Budget	2024 Budget
Workforce	190.5	188.0	188.7	(1.8)	(1%)	70%	68%
Total Salaries	186.3	183.7	184.6	(1.7)	(1%)	68%	66%
Consultants	4.2	4.3	4.1	(0.1)	(2%)	2%	1%
Non Workforce	76.7	78.4	78.8	2.2	3%	28%	28%
Professional Fees	29.6	33.5	34.0	4.3	15%	11%	12%
LFA Fees	-	-	-	-	0%	0%	0%
CCM Funding	-	-	-	-	0%	0%	0%
Travel	13.3	14.1	14.3	1.0	7%	5%	5%
Meetings	2.1	1.9	2.4	0.4	18%	1%	1%
Communication	2.3	2.1	2.0	(0.3)	(13%)	1%	1%
Office Infrastructure	23.0	21.2	21.3	(1.6)	(7%)	8%	8%
Board Constituency	1.6	1.5	1.4	(0.1)	(9%)	1%	1%
Depreciation	4.8	4.0	3.4	(1.4)	(30%)	2%	1%
Non-recurring cost	5.0	5.7	10.3	5.3	104%	2%	4%
PART A - Secretariat	272.2	272.0	277.9	5.7	2%	100%	100%

- Efficiencies identified on workforce reflects impact of recruitment phasing and & re-prioritization.
- Incremental funding in prof. fees for critical emerging needs on: investment case modelling; key grant life cycle enhancements; implementation of data marketplace; business process optimization & analytics; and developing the 2026-28 allocation model among others.

Part B: In-Country & Independent bodies							
in \$ M	OPEX			change 2023 vs 2024 budget		% of total	
	2023 Budget	2023 Revised Budget*	2024 Budget	abs	%	2023 Budget	2024 Budget
Workforce	4.8	4.9	4.9	0.2	3%	7%	8%
Total Salaries	4.5	4.3	4.8	0.2	5%	7%	7%
Consultants	0.3	0.6	0.2	(0.1)	(26%)	0%	0%
Non Workforce	63.1	63.2	59.5	(3.7)	(6%)	93%	92%
Professional Fees	5.6	5.4	5.1	(0.5)	(8%)	8%	8%
LFA Fees	45.9	45.9	43.2	(2.7)	(6%)	68%	67%
CCM Funding	10.6	10.6	10.6	-	0%	16%	16%
Travel	0.4	1.1	0.4	(0.0)	(10%)	1%	1%
Meetings	0.3	0.1	0.1	(0.2)	(70%)	0%	0%
Communication	0.3	0.0	0.0	(0.3)	(93%)	0%	0%
Office Infrastructure	0.0	0.0	-	(0.0)	(100%)	0%	0%
Board Constituency	-	-	-	-	0%	0%	0%
Depreciation	-	-	-	-	0%	0%	0%
Non-recurring cost	-	-	-	-	0%	0%	0%
Part B - In-Country & Independent bodies	67.9	68.0	64.4	(3.5)	(5%)	100%	100%

- Overall decrease in Part B funding in 2024 driven by LFA & TRP fees which follows the cyclical trend with 70% of grant making ending in 2023.
- Incremental investment in workforce to support the transition of CCM evolution workforce from SIs to OPEX.

Workforce FTE 2024 OPEX Budget by Delivery Approach

Workforce	
Core	71%
Cyclical	27%
Priorities	2%
TOTAL	100%

Delivery approach	FTE			% of total		
	Staff	Consultant	Workforce	Staff	Consultant	Workforce
Strategy & Resource Mobilization	138	15	152	13%	1%	14%
<i>Strategy</i>	26	4	30	2%	0%	3%
<i>Resource Mobilization</i>	112	11	123	10%	1%	11%
Operational Delivery	570	14	584	52%	1%	54%
<i>Grant Mgt Country Teams</i>	370	4	374	34%	0%	34%
<i>Technical Delivery</i>	200	10	210	18%	1%	19%
Secretariat Support / Enabler	200	10	210	18%	1%	19%
Assurance	106	3	109	10%	0%	10%
Structural & Technical Adjustment						
PART A - Total Secretariat	1,013	43	1,056	93%	4%	97%
Operational Delivery	10	0	10	1%	0%	1%
<i>CCM & CCME Evolution</i>	10		10	1%		1%
Assurance	17	3	20	2%	0%	2%
Part B - In-Country & Independent bodies	27	3	30	2%	0%	3%
PART A + PART B - TOTAL	1,040	46	1,086	96%	4%	100%

61% of the budget proposal continues to reinforce operational & programmatic capabilities and 10% for digitalization and IT Security

Budget 2024 – By Thematic Areas

in \$ M

	OPEX		change 2023 vs 2024 budget		% of total		
	2023 Budget	2023 Revised Budget *	2024 Budget	abs	%	2023 Budget	2024 Budget
Secretariat Operational cap.	162.0	162.8	162.9	0.9	1%	48%	48%
Programmatic capabilities	44.4	44.3	45.5	1.1	2%	13%	13%
Digitalization & IT security	34.8	35.2	35.0	0.2	1%	10%	10%
Organizational Risk & Assurance	26.0	24.0	24.2	(1.8)	(7%)	8%	7%
Structural & Technical Adjustment	5.0	5.7	10.3	5.3	104%	1%	3%
PART A - Secretariat	272.2	272.0	277.9	5.7	2%	80%	81%
Part B - In-Country & Independent bodies	67.9	68.0	64.4	(3.5)	(5%)	20%	19%
PART A + PART B TOTAL	340.1	340.1	342.2	2.2	1%	100%	100%

Insights

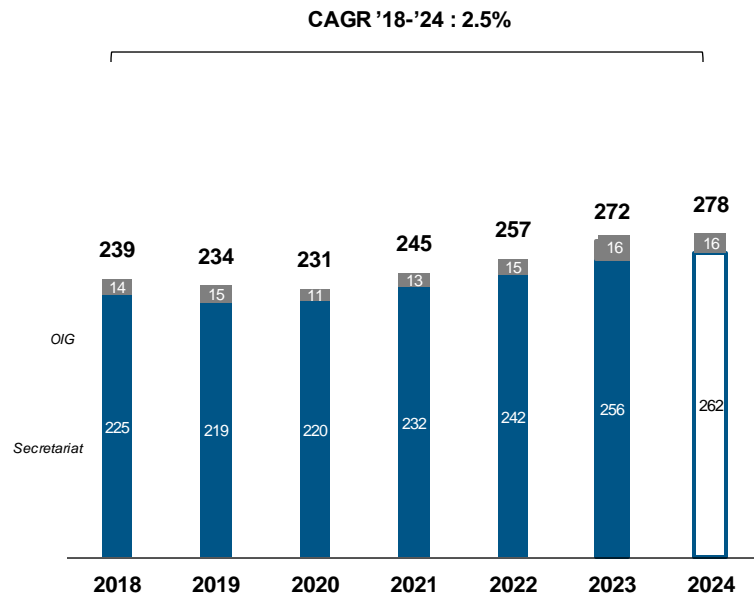
- 71% of budget proposal is invested in operational & programmatic capabilities and digitalization.
- Structural & technical adjustment represents 3% of the budget proposal and the budget increase addresses the re-actualized funding need for leaves, termination, reassignments, reorgs among others.
- Secretariat Operational capabilities** budget embeds scale up of strategic capabilities in the Community, Rights and Gender (CRG) front.
- Incremental investments on **programmatic capabilities** covers for comprehensive health product planning & procurement with the 'Plan to Report' initiative.
- Budget trajectory on **in-country & independent bodies** follows the cyclical nature of operations with 70% of GC7 grant making ending in 2023.

With improvements in budget management and a top-down efficiency target for 2024, OPEX growth remains marginal

Budget 2024 – Proposal for Secretariat & In-Country & Independent Bodies

A Secretariat

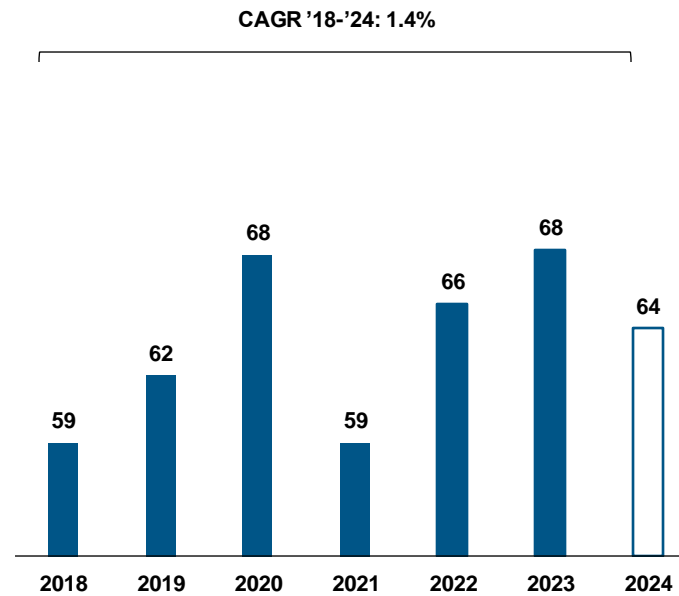
in US\$ M



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

B In-country & Independent Bodies

in US\$ M



Key considerations

Secretariat

- AFC recommended 2024 Secretariat OPEX budget of US\$ 277.9 M, in an economically challenging context, with inflationary pressures.
- Year on year Secretariat budget is stable with 2% increase projected in 2024.
- Secretariat 2024 budget includes OIG funding of US\$ 15.9 M.

In-Country & Independent Bodies

- In-Country & Independent Bodies includes investments in: (i) LFA; (ii) TRP; (iii) Independent Evaluation Function among others.
- In-Country & Independent Bodies follows a stable growth path with CAGR of 1.4%.
- The drop in 2024 budget is attributed to the cyclicity of operations with 70% of GC7 grant making being completed in 2023.
- Historically, the 2nd year of a cycle experiences a reduction in Part B actual spend.

Note:
2023 Budget and prior year Actuals contains reclass between divisions to reflect latest reorganization impact and to allow a like for like comparison with 2024 Budget.

Delivery Approach & Thematic Areas Mapping Guide

Delivery Approach Mapping

Delivery Approach	Division
Strategy & Resource Mobilization	ERCDC, OED, SPH, Governance
Grant Mgmt Country Teams & CCM & CCM Evolution	F&A (CT Finance Specialist), GMD (CT & CCM)
Technical Delivery	Programmatic Monitoring, SIID, SO
Secretariat Support / Enabler	F&A (Corporate Finance & Admin), HR, IT, Legal, SO Indirect Sourcing, GMD (GPS)
Assurance	Ethics (incl. PSEAH), OIG, Risk, GMD (LFA) + PDQA, SO QA, Evaluation function, TERG, TRP
Structural & Technical adjustments	Central Reserves & Priority 2024-2025

Thematic Areas Mapping

Thematic Area	Sub Thematic Area	Division
Secretariat Operational Capabilities	Resource Mobilization	ERCDC
	Grant Operations	FA (Grant Finance), GMD, SIID (A2F, SI)
	Oversight & Support Functions	FA, HR, LGD, SO (Indirect) + QA, OED (excl Eval)
Programmatic Capabilities	Strategic Investment & Impact	SIID (excl A2F, TRP), SPH
	Supply Operations	SO
	Programmatic Monitoring	Prog. Monitoring
Digitalization & IT Security	Digitalization & IT Security	IT
Organizational Risk & Assurance	OIG (independent)	OIG
	Second Line Oversight	Ethics (incl. PSEAH), Risk
In-Country & Independent Bodies	External Assurance	GMD (LFA & CCM) + PDQA
	Independent Bodies	TRP, TERG reclass, Eval,
Structural & Technical adjustments	Structural & Technical adjustments	Central Reserves & Priority 2024-2025

Operational Delivery