

2025 Workplan, Budget Narrative and Operating Expenses Budget

52nd Board Meeting

GF/B52/06A

20-22 November 2024, Lilongwe, Malawi

Board Decision

Purpose of the paper:

This document, in conjunction with Part B, presents a narrative complement to the Global Fund 2025 Workplan, Budget Narrative, and Operating Expenses Budget of US\$ 346M. It presents, for Board consideration and approval, the 2025 Workplan, Budget Narrative, and Operating Expenses Budget of US\$ 346M, as recommended by the Audit and Finance Committee (AFC).

Decision

Decision Point: GF/B52/DPXX: 2025 Work Plan and Budget Narrative and the 2025 Operating Expenses Budget

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

- a. the 2025 Work Plan and Budget Narrative, as set forth in GF/B52/06A; and
- b. the 2025 Operating Expenses Budget in the amount of US\$ 346.0 million, which includes US\$ 15,769,831 for the Office of the Inspector General's 2025 Operating Expenses, US\$ 5,037,310 for the Ethics Office's 2025 Operating Expenses, US\$ 3,561,763 for the Evaluation Function's 2025 Operating Expenses, and US\$ 1,452,664 for the Technical Review Panel's Operating Expenses, as set forth in GF/B52/06A.

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

The Strategy requires continued drive on HTM and RSSH activities to accelerate progress towards achieving the 2030 goals, despite a multitude of crises – conflict, climate change, threats to human rights – that most deeply affect those whom we serve. The focus remains on in-country impact, and the Secretariat will continue to focus on HTM and RSSH grant implementation to accelerate impact through grant cycle 7 (GC7) and deliver on the shift from COVID-19 response to systems strengthening and pandemic preparedness through C19RM.

Increased effort will also go towards implementing a suite of sustainability policy changes that the Board will decide on in at its fifty-second meeting in November 2024 and preparations for GC8 (including on the operational sustainability levers). Assessment of OPEX needs is an integral part of the sustainability levers with related scenario planning options. The "how" we do this is equally important, as we engage communities and maximize health equity, gender equality, human rights, and equitable access to quality-assured health products. Within the Secretariat, we will continue to develop our organizational effectiveness and adaptability, with an increased focus on simplification, agility, and resilience. In this context, it will be critical to ensure the Secretariat is appropriately resourced to adapt and respond accordingly.

The fiscal pressures on donors and implementers alike, along with the many crises occurring across the globe, foreshadows what will be an uncertain environment to conduct the Global Fund's 8th Replenishment. The partnership – including the Secretariat – will do all that it takes to raise funds to continue the fight against HTM and contribute to strengthened health systems, while simultaneously acknowledging the volatility and uncertainty and the need to proactively plan for future scenarios.

2025 will be an intensive year with what is a high level of disbursement/execution perspective, while simultaneously conducting a replenishment in an extremely challenging context, and planning and executing any changes required to the Secretariat based on the ending of resources for C19RM implementation and the results of the 8th Replenishment (8R).

Questions this paper addresses

- A. What is included in the 2025 Operating Expenses Budget in the context of the OPEX evolution framework?
- B. What are the drivers of the 2025 Workplan & Budget Narrative?
- C. What is the engagement process and timeline regarding post 2025 OPEX scenario planning?

Conclusions

- A. 3-year aggregate OPEX forecast¹ of **US\$ 1,025M** was approved by the Board as part 7th Replenishment (7R) Sources of Funds. Absorbing inflationary pressures, the Secretariat expects US\$ 679M (66%) to be utilized in 2023 and 2024, and US\$ 346M (34%) is proposed for 2025, reflecting the implementation phasing of the strategic priorities agreed for 7R. The AFC endorsed OPEX Evolution Framework² in 2019 enables an optimal budget rebasing and calibration of operational liabilities with organizational priorities. Consequently, 2025 is a critical crossroad as both 7R and C19RM implementation will be phasing out and needs strategic prioritization and convergence with 8R.
- B. The end of the 7R cycle represents the midpoint of the Strategy and as the Global Fund looks ahead to the second half (2026 – 2028), 2025 is a critical year for planning with focus centered around: (i) continued implementation of high-quality HTM and RSSH grants for the full GC7 portfolio; (ii) continued implementation of C19RM and setting up these investments incorporating in-country sustainability in investments; (iii) executing a successful 8th Replenishment and planning for the future based on 8R outcomes; (iv) preparations for GC8, from funding requests through implementation; and (v) operationalization of a suite of sustainability measures to be determined at this 52nd Board meeting and as 2030 targets are near.
- The Secretariat has maintained the efficiencies identified in 2024 and integrated further efficiencies with a US\$ 1.4M reduction in the overall travel baseline, aligned with Global Fund environmental commitments. After embedding efficiencies, the Secretariat proposes a **2025 OPEX budget of US\$ 346M** (US\$ 281.4M for the Secretariat and US\$ 64.6M for In-Country & Independent Bodies) to cover key focus areas with limited budget flexibility to address emerging and priority needs.
 - A modest amount of priority funding, US\$ 8.1M (54% decrease from US\$ 17.4M in 2024 revised budget), was allocated to meet specific funding gaps against organizational needs in 2025. The Secretariat applied a prioritization framework, which heavily focuses on delivering a strong 8th Replenishment, and is centered around four main areas including: (i) 8th Replenishment; (ii) strategic emerging needs with cross-organizational impact; (iii) simplification and streamlining projects; and (iv) resource and scenario planning.
- C. OPEX scenario planning for the second half of the Strategy is a critical part of the overall resource allocation oversight. Financial modelling will be leveraged to prepare illustrative 8R scenarios used to focus management oversight and assurance on the interrelated impact of various sustainability levers. Activation of each lever requires thoughtful planning, optimal risk trade-off, and potential risk acceptance, to balance potential negative impact on health outcomes, service delivery and funding required within the Comprehensive Funding Policy (CFP)³.
- D. Leading up to the determination of financial resources for the next cycle, the Secretariat will regularly seek AFC input, reactivating the AFC OPEX Working Group as a sounding board for dynamic management of the assumptions, modelling outcomes and decision-pathway for resource allocation in the next cycle looking at 2026 and beyond.

¹ As defined and approved in [GF/B48/DP04](#). This forecast does not take into account the F2 forecast for 2023.2 views are available in the AFC dashboard (approved 3-year aggregate forecast and latest forecast for the cycle with F2).

³ Comprehensive Funding Policy (CFP)

Report

A. Proposed 2025 Operating Expenses Budget in the context of the OPEX evolution framework

1. As we look ahead to the second half of the Strategy and a critical year to come, the focus in 2025 will center around:
 - a. Continued implementation of high-quality HTM and RSSH grants for the full GC7 portfolio;
 - b. Continued implementation of C19RM and setting up these investments incorporating in-country sustainability in investments;
 - c. Executing a successful 8th Replenishment (8R) and planning for the future based on 8R outcomes;
 - d. Preparations for GC8, from funding requests through implementation; and
 - e. Operationalization of a suite of sustainability measures to be determined by the Board in November 2024.
2. The 2025 OPEX Budget of **US\$ 346M** was developed by leveraging the OPEX Evolution Framework to deliver on the cyclical imperatives and annual priorities. As per the Framework, a full rebasing of the cost base is required every 3 years to align the organization's resourcing level with replenishment outcomes. It will be performed in 2025 for the 8th replenishment period (2026-2028) and will be reflected in the 2026 OPEX Budget onwards.
3. Therefore, the 2025 OPEX Budget has been developed with the aim of stabilizing the cost base and maintaining efficiency efforts while ensuring that compulsory liabilities are covered to the end of the cycle.
4. During 2024, the Secretariat leveraged the flexible OPEX Evolution Framework to identify US\$ 9.3M (2.8% of 2024 baseline) of efficiencies. Gains realized were maintained in the 2025 OPEX Budget and further efficiencies realized through a US\$ 1.4M reduction in the travel baseline, in line with our commitment to reduce carbon footprint and benefit from the activated synergies and efficiencies from the digitalization of travel management.
5. 74% of the total 2025 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 and also providing the resources needed to prepare for the 8th Replenishment launch.
6. 2025 OPEX Budget of US\$ 346M represents a **marginal increase (+1% vs. 2024)** and follows a stable trajectory within the OPEX Evolution Framework. The 2025 rebased baseline (US\$ 337.9M) bears the impact of structured and required liabilities (including insurance premiums and contractual or workforce related contingent liabilities) and rebased costs including actualization of 2024 cyclical costs⁴ and mainstreaming of IT related investment to enhance agility and continuous adaptation of our systems. These have been counterbalanced by a travel reduction in the baseline (-US\$ 1.4M) and lower funding for priorities in 2025 of US\$ 8.1M (-53% vs 2024) to remain within the 3-year aggregate OPEX forecast of **US\$ 1,025M**. Adjusting for the

⁴ This includes staff cost actualizations, cost of living adjustment, reduced funding of TRP.

structural and required liabilities noted above, from an operating capacity, the 2025 OPEX Budget is in fact equivalent to 2024.

7. Staff workforce capacity is dynamic and scalable in nature and remains at the same level in 2025 compared to 2024 with 1,040 Full Time Employees (FTEs) for 2025 (comprising of 1032 FTEs for current staff workforce capacity and 8 FTEs for priorities).
8. The Secretariat therefore recommends a 2025 OPEX Budget of **US\$ 346M** with:
 - **PART A** – Secretariat OPEX of **US\$ 281.4M** (including US\$15.8 M for OIG); and
 - **PART B** – In-Country Assurance & Independent Bodies OPEX of **US\$ 64.6M**.

PART A – Secretariat OPEX of US\$ 281.4M:

- **86%** of the Part A Secretariat OPEX budget is allocated to resource mobilization initiatives, operational delivery to ensure sustained focus on impact during the 3rd year of implementing GC 7 grants and Secretariat enablers to support program implementation and deliver high quality GC 7 HTM and RSSH grants. Investments in the programmatic monitoring function, Community, Rights & Gender (CRG) and SEAH (supports acceleration of the initiatives) continues to be a focus of the organization.
- The 2025 budget for Part A Secretariat OPEX represents stabilization with a 1% (US\$ 4.1M) increase from 2024, primarily driven by:
 - Workforce (+US\$ 8.5M) - represents 70% of the total budget and drives the increase vs. 2024 budget predominantly due to Health and life/death insurance premiums.
 - Non-recurring costs (US\$ +3.8M) - also drives the increase vs. 2024 budget and reflects contingent liabilities based on our contractual obligations for workforce related expenditures.
 - Non – Workforce costs (-US\$ 8.1M or -10%) - represents 25% of total budget and decreased vs 2024 Budget from reduced priority investments and travel reduction in order to offset the gap and remain within the 3-year envelope of US\$ 1,025M.

PART B – In-country assurance and Independent Bodies OPEX of US\$ 64.6M:

- The 2025 budget for In-country assurance and Independent Bodies is maintained at a similar level as 2024 (US\$ 0.4M decrease). The slight reduction relates to assurance due to the cyclical nature of business needs, translating to reduced funding for the Technical Review Panel.
 - Continued funding of the evaluation function and CCM evolution.
9. In a constrained environment and to ensure agility between technical delivery and resource mobilization activities in the critical year to come, the Secretariat will continue to leverage robust financial planning and discipline to activate cost efficiencies and optimization approaches to balance resource allocation across operating expenses including resource mobilization, country allocations and catalytic investments in a transparent manner.

B. Key Drivers of the proposed 2025 Work Plan & Budget Narrative

10. The 2025 OPEX Budget comes as at a time in which the Global Fund's mission is facing unprecedented challenges – be it deteriorating human rights, conflict, climate change or the increasingly tight fiscal space both for donors and implementers. The delivery of our work is as important as ever, and as always, the full partnership remains laser-focused on impact and results.
11. In addition to the 6 focus areas for 2025 noted above, there are critical policy changes that are going to be presented to the Board in 2024 – namely the 2026-2028 Allocation Methodology, the Eligibility Policy, the Sustainability, Transition and Co-financing (STC) Policy, and proposed Catalytic Investments for the 2026-2028 Allocation Period, including climate and health – will each require thoughtful planning for implementation and operationalization in 2025.
12. As part of the Secretariat's integrated organizational planning process used for prioritization, budgeting, and workforce planning, four priorities were identified for the Secretariat in 2025:
 - a. Priority 1: Implement grants for maximum impact.

2025 will have a heavy focus on grant implementation for HTM, RSSH and Strategic Initiatives for GC7, along with drives for effective program delivery and robust monitoring to support countries with course correction, as needed. The accelerated systems strengthening and pandemic preparedness through C19RM will also continue, with a push for quality and timely implementation, programmatic results, absorption of reinvestments, and a focus on setting up these investments for future success. Supporting countries, CCMs, and Secretariat Country Teams will be the strongest lever for successful implementation. As always, communities will remain at the center of all this work, in our collective efforts to maximize gender equality, human rights, and health equity. Equity and equality also extend to the acceleration of access to quality-assured health products for all through NextGen market shaping, including use of the Revolving Facility, and increased innovation.

- b. Priority 2: Strengthen organizational effectiveness, adaptability, and agility.

As an ever-evolving and adapting organization – and in acknowledgement of the volatile fiscal environment all organizations are in – in 2025, the Secretariat will put an increased emphasis on strengthening organizational effectiveness, adaptability, and agility. Priority will be given to efforts to streamline, simplify, and automate processes and systems (including use of AI) to create greater space for meaningful work – particularly in preparation for GC8. Changes in how the Secretariat operate will also need to be implemented based on decisions taken at the 52nd Board meeting, on the Allocation Methodology, Eligibility Policy, STC Policy, and proposed Catalytic Investments. The sustainability agenda will have increased focus in 2025 – both through these policies and embedded in all of the Global Fund's work. This will also include an enhanced focus on advancing domestic resource mobilization and innovative financing, strengthening Public Financial Management, and sustainability and transition discussions with countries. The Global Fund will also focus on strengthened use of data for monitoring, performance, decision making, and learning – including through the use of high-quality evaluations.

The Global Fund's effectiveness, adaptability, and agility also extends to how we respond to critical external challenges, including the erosion of human rights, conflict and climate change. Use of the Challenging Operating Environments Policy will continue, and the Emergency Fund will be used, as appropriate, to support countries during crisis, conflicts, or natural disasters. Continued efforts in PSEAH will focus on implementer capacity building and risk mitigation, and the Secretariat will enhance work across the partnership to effectively identify, manage, and mitigate implications of a deterioration of human rights and gender contexts.

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

As we head into a replenishment year, where much is unknown, an increased focus will be put on internal communications with staff, workforce planning, cultivating the right talent for now and the future, and creating space for meaningful work. In 2025, the Secretariat will continue to focus on strengthening our ethical culture and reinforcing our staff support system to ensure all staff are heard and respected and feel safe to report employment-related disputes and allegations of misconduct. Work that has already begun in 2024 will continue in 2025 to: update the Code of Conduct for Employees, ensuring its alignment with the Global Fund values and other key initiatives, and consider, as appropriate, an in-depth review of human resources policies, rules, and procedures.

d. Priority 4: Deliver a successful 8th Replenishment and plan for the future.

The full partnership will rally around a call to adequately resource the Global Fund to continue the fight against HTM, strengthen health systems, and meet SDG3 targets. This will require enhanced positioning and partnership within the global health landscape, and deepening collaboration with key partners to enhance mutually beneficial synergies and innovation – with the ultimate aim of stronger country-based impact. In 2025, the Global Fund will release its Investment Case and launch and deliver a successful 8th Replenishment. Knowing the uncertainty around any replenishment outcome – and particularly given the current fiscal environment – the Secretariat will prepare for various replenishment outcomes.

13. In addition to support these activities, 2025 organizational priorities have informed resource allocation for a limited amount of priority funding (US\$ 8.1M) to the following areas:

A. Delivery of the 8th Replenishment (US\$ 5.7M)

Delivering the 8th Replenishment campaign and strengthening the foundation for on-going resource mobilization efforts is a key priority for 2025. Priority funding has been allocated to continue to strengthen the Global Fund's position within the rapidly evolving health and development landscape and deliver on the 8th Replenishment, to include: the preparatory meeting and pledging conference, mobilizing the civil society and communities advocacy ecosystem, strengthening partnerships, high-level event engagement and related travel, and enhanced communications. In conjunction with the 8th Replenishment efforts, further accelerating domestic resource mobilization will be key for sustainability.

B. Strategic / emerging needs (US\$ 1.3M)

A limited number of emerging needs that have cross-organizational impact are included in the 2025 priority budget, as the Secretariat continues to deliver on the Strategy and respond to new and emerging opportunities and threats. Key areas of investment in 2025 include: support for emerging climate needs in the HTM portfolios; enhancements in cyber security; continuation of CCM evolution from 2024; and preparations for Board Leadership and Executive Director selection processes.

C. Simplification and streamlining (US\$ 0.75M)

The Secretariat aims to find greater simplicity and agility in its work, and in 2025 we find ourselves requiring an additional boost of resources to make further meaningful impact in these spaces. The Global Fund aims to simplify and streamline organizational processes, systems and structures by strengthening data-driven decision-making and by leveraging automation technologies with the goal of making more space for meaningful, high-value, additive work both for the Secretariat and our in-country stakeholders (e.g., PRs, SRs, CCMs, LFAs, etc.). 2025 priority funding in this space will focus on: simplification and automation of GC8 grant-making and funding requests; health product planning automation and plan-to-report stabilization (to then roll into business as usual); and data and analytics automation.

D. Resource and scenario planning (US\$ 0.4M)

To be best positioned following the outcome of 8 Replenishment, the Secretariat will focus on preparations for various funding scenarios post-8 Replenishment and following the close-out of C19RM.

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: 2025 Budget by major cost categories (PART A - Secretariat)
- Annex 2: 2025 Budget by major cost categories (PART B - In-Country & Independent Bodies)
- Annex 3: Relevant past Board
- Annex 4: Links to relevant past documents and reference materials

Annex 1 – 2025 Budget by major cost categories (PART A - Secretariat)

Budget category (US\$ millions)

Total Workforce	LFA & CCM	Professional fees	Office infrastructure	Travel	Meetings
198.4	-	26.4	20.6	13.0	4.0
Communication	Board constituencies	Other	Non-recurring costs	Total	
2.0	1.4	2.6	12.9	281.4	

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

Budget 2024	Budget 2025
189.9	198.4

LFA & CCM (US\$ millions)

Budget 2024	Budget 2025
-	-

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

Budget 2024	Budget 2025
34.2	26.4

Travel expenditures (US\$ millions)

Budget 2024	Budget 2025
14.6	13.0

Annex 2 – 2025 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
5.3	43.2	4.9	-	0.3	0.0
Communication	Board constituencies	Other	Non-recurring costs	Total	
0.0	-	-	-	64.6	

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

Budget 2024	Budget 2025
5.2	5.3

LFA & CCM (US\$ millions)

Budget 2024	Budget 2025
43.2	43.2

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

Budget 2024	Budget 2025
5.3	4.9

Travel expenditures (US\$ millions)

Budget 2024	Budget 2025
0.4	0.3

Annex 4 – Relevant past Board

Relevant past Decision Point

Summary and Impact

GF/B50/DP05: 2024 Work Plan and Budget Narrative and 2024 Operating Expenses Budget⁵

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.

GF/B48/DP05: 2023 Work Plan and Budget Narrative and 2023 Operating Expenses Budget⁶

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.

GF/B48/DP04: Sources and Uses of Funds for the 2023-2025 Allocation Period (November 2023)⁷

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

⁵ <https://www.theglobalfund.org/kb/board-decisions/b50/b50-dp05/>

⁶ <https://www.theglobalfund.org/kb/board-decisions/b48/b48-dp05/>

⁷ <https://www.theglobalfund.org/kb/board-decisions/b48/b48-dp04/>

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.

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.

Annex 5 – Links to relevant Past Documents & Reference Materials

- GF/B50/02A 2024 [Work Plan, Budget Narrative and the 2024 Budget](#)
- 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](#)
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