THE GLOBAL FUND

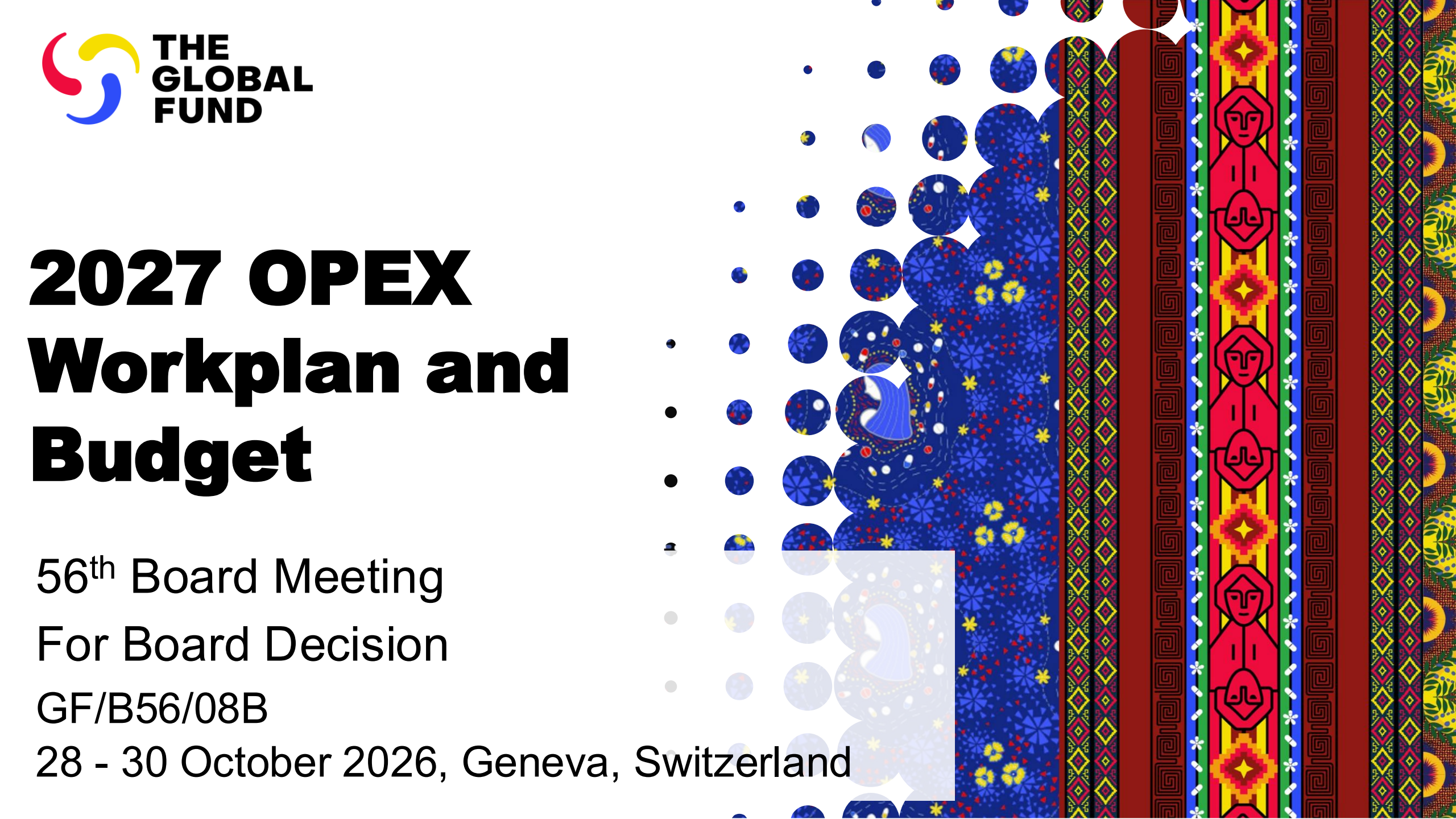
2027 OPEX Workplan and Budget

56th Board Meeting

For Board Decision

GF/B56/08B

28 - 30 October 2026, Geneva, Switzerland



Executive Summary | 2027 OPEX budget delivers affordability through Track 1 levers and safeguards 2027 delivery

Executive Summary

2027 OPEX Budget

- Proposed 2027 OPEX budget of **US$325M** stays within the Board-endorsed affordability framework
- **Broadly maintains 2026 resourcing capacity** enabling the launch of GC8 strategic shifts.
- It enables strategic prioritization, delivery protection and creates runway for longer-term transformation.

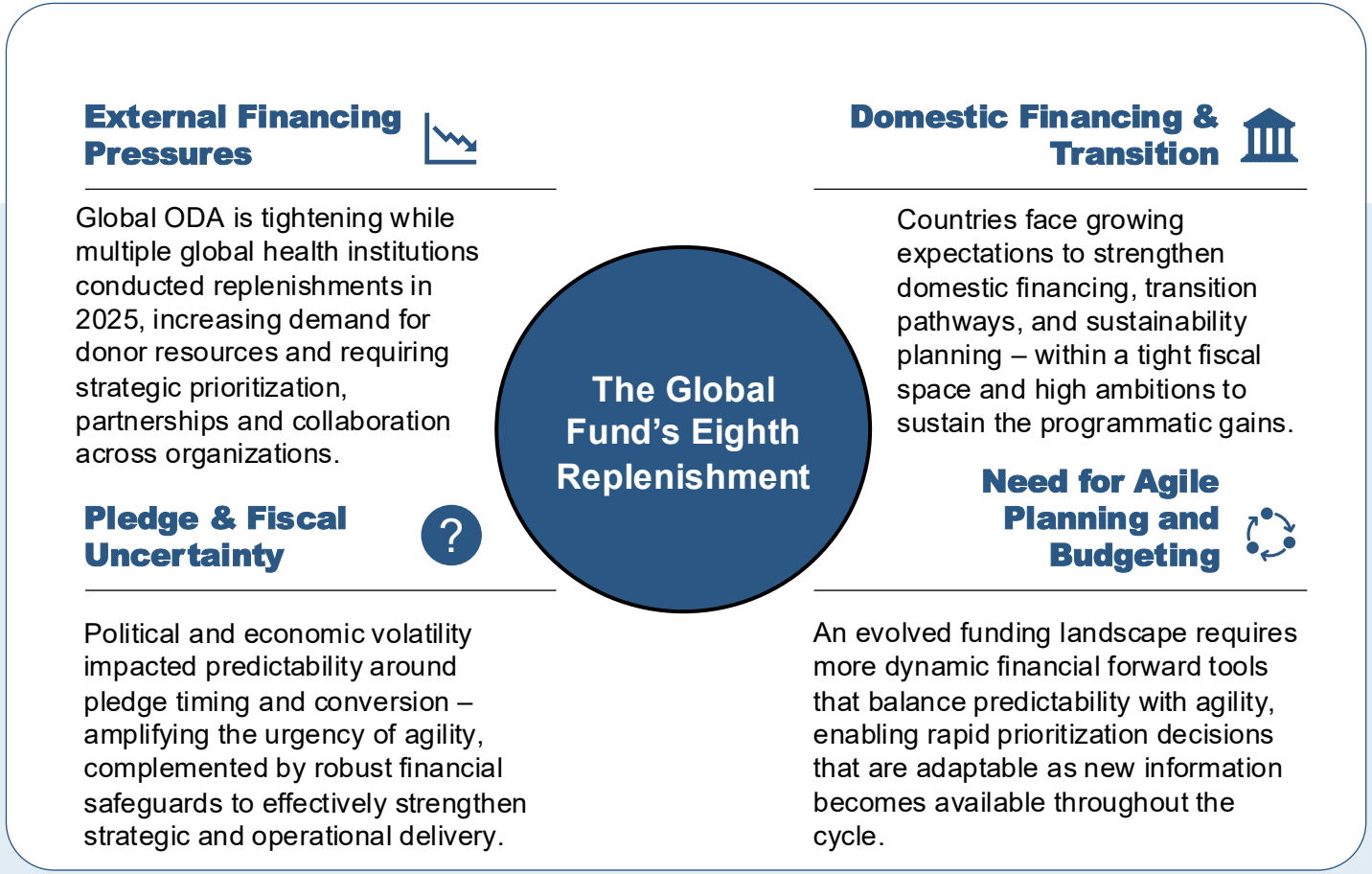
Key Considerations & Trade-offs

- The US$130M funding gap constrains Secretariat's delivery capacity. ~70M solved through non-workforce optimization levers (track 1).
- Closing the residual gap (~60M) requires continued transformation under a new leadership:
  - Finalize the differentiated country-facing model
  - Activate strategic workforce planning
  - Accelerate automation/AI, centralization, simplification and shared service models
  - Clarify risks and trade-offs for governance guidance
- AFC provided directional support for management to consider flexibility of up to US$60M for a potential adjustment to the OPEX aggregate forecast, subject to future AFC and Board decisions on 2027 & 2028 annual budgets

Summary of AFC31

1. **Recommended** the proposed 2027 OPEX budget for Board approval in the context of 2027-29 strategy costing (including CCM funding realignment), reflecting governance inputs
2. **Recognized** the risks and tensions in the current cost base and the US$930M aggregate forecast
3. **Acknowledged** a potential adjustment to the OPEX aggregate forecast of up to US$60M to preserve flexibility under AFC oversight
4. **Protect** Secretariat's delivery capacity as a strategic enabler of GC8

Current geopolitical context and external financing landscape drive the need for integrating uncertainty management into decision-making



01 ODA contraction and multiple replenishments concurrently requiring deliberate donor engagement.

02 Accelerated expectations for transition, sustainability, and domestic financing.

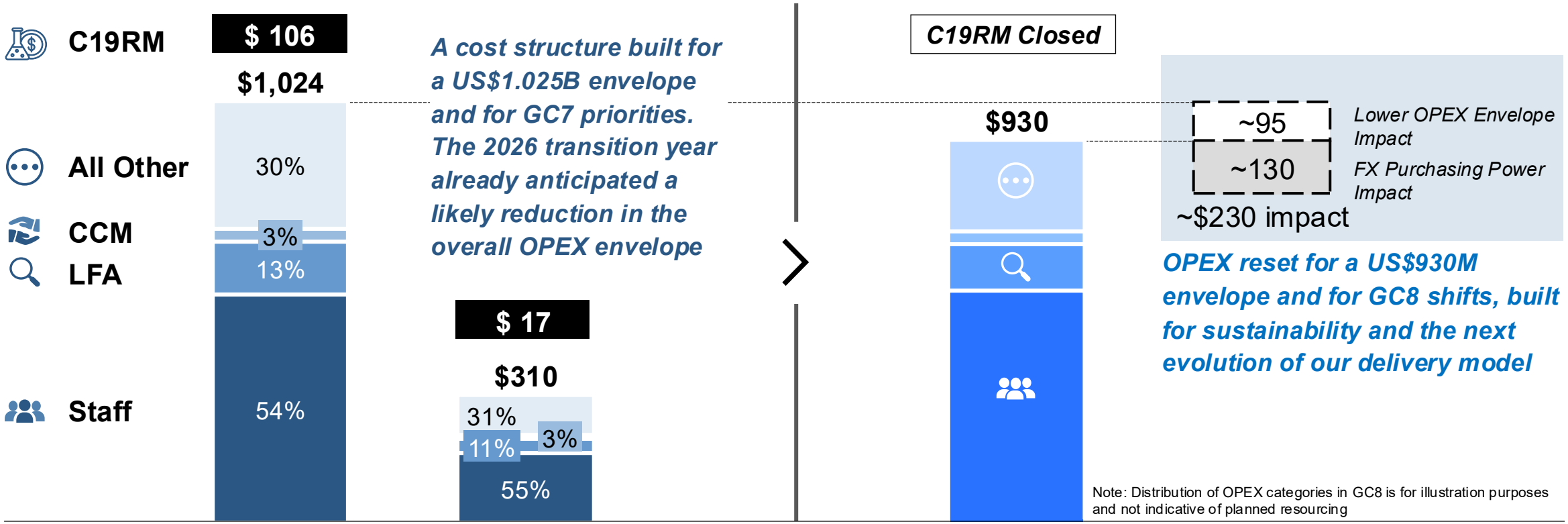
03 Current geopolitical and fiscal volatility reducing pledge predictability.

04 Evolving context requires more agile, risk-calibrated, and dynamic planning approaches.

Reminder | A structural reset: OPEX must absorb a funding gap of ~US$230M, with an added pressure of no C19RM funding while preserving delivery of GC8 shifts

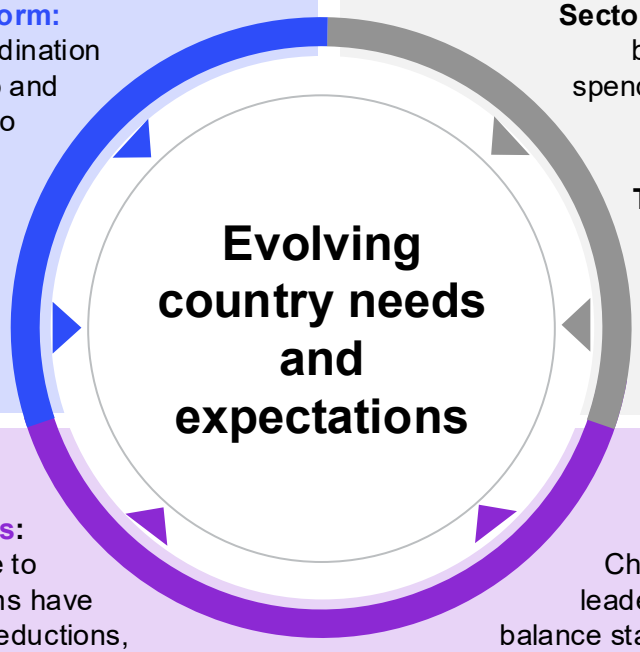
Where we are coming from... **...and what we must address**

US$ Millions



Reminder | As shared in May 2026, the case for continued Secretariat transformation extends beyond financial constraints

Why do we need to continue to transform?



STRATEGIC

Global health ecosystem reform: growing calls for stronger coordination and greater country ownership and expectations that GHIs adapt to better serve countries

GC8 Strategic Shifts reflect this direction. Delivering on them will require the Secretariat to adapt how it works

FINANCIAL

Sector-wide financial strain, driven by constrained domestic health spending and reductions in external financing for health

Tension on OPEX resources. GC8 implies a funding gap vs GC7 of approx. US$230M from reduced envelope (US$100M) and CHF exposure to FX

ORGANIZATIONAL

Increased workload demands: Delivery expectations continue to grow, while workload reductions have not kept pace with workforce reductions, creating sustained pressure on capacity and wellbeing

Leadership changes: Changes in Board and Secretariat leadership require the Secretariat to balance stability with responsiveness, and to adapt to evolving priorities and expectations

What are we trying to achieve?

Ensure the Secretariat is fit for today's reality and ready for the future, so we can continue to deliver for the countries we support and people we serve.

1 **Adapting today**

Adapt how the Secretariat serves countries and delivers GC8 priorities

2 **Ready for tomorrow**

Build a more flexible and future-fit Secretariat while maintaining operational efficiency, effectiveness, and cost-discipline for OPEX

Adapted from "Continuing Secretariat Transformation in 2026", May 2026 (GF/AFC30/12)

2027 Budget | Progressive pathway for organizational transformation in a financially constrained and evolving global health ecosystem



Operational Challenge

- **Deliver GC8 strategic shifts** within a resource constrained environment to sustain impact, mitigate risks, and retain critical talent
- **Maintain** the technical and functional capacities required to optimize the organization relevance and comparative advantage with the Global Health ecosystem
- **Dynamic oversight** of the funding gap by transparently managing and monitoring the associated risks and trade-offs for leadership and governance oversight



Secretariat Response

- **Prioritize** the launch of GC8 through a streamlined country dialogue, funding request and grant-making process that delivers quality and timely transition from GC7 to GC8
- **CCM reclassification** enabled financial flexibility within Opex safeguarding 50-60 FTEs to deliver on GC8, risk oversight and enabling functions
- **Resolving the funding gap** is a strategic lever to reset the organizational value-proposition in a shifting and evolving global health ecosystem to sustain delivery



Delivery Impact

- **Anchors** on mission delivery by preserving resources for country impact while sequencing optimization for a smooth transition.
- **Achieves** a balance on risk monitoring for high impact and high burden countries
- **Acknowledges** the impact of a highly constrained OPEX in the delivery capacity and capability of the organization and consider adjustments leveraging ALM balance

The proposed 2027 budget protects critical delivery capabilities while requiring acceptance of targeted operational trade-offs

What is prioritized in 2027 Budget…

Deliver GC8 for impact by translating strategic shifts into high-quality implementation, stronger disease outcomes, and risk-informed country delivery

Advance sustainability and country ownership through integrated delivery, differentiated transitions, and stronger market-shaping partnerships

Strengthen the Global Fund's role, resource base and partnerships to sustain impact and maximize collective action in an evolving global health landscape

Transform the Secretariat for greater agility, effectiveness and affordability while maintaining delivery **continuity through leadership transition**

…and deliberately protected…

Maintains resourcing capacity and capabilities to enable delivery of GC8 shifts

Country-facing operations and grant management

Supply Operations and market-shaping priorities

Completion of C19RM closure and transition activities

Capacity to advance on and deliver an "agile and fit for purpose" organization

…while there are some tradeoffs

More targeted assurance model: LFA optimization will require review of assurance model, tighter risk-based prioritization and active monitoring.

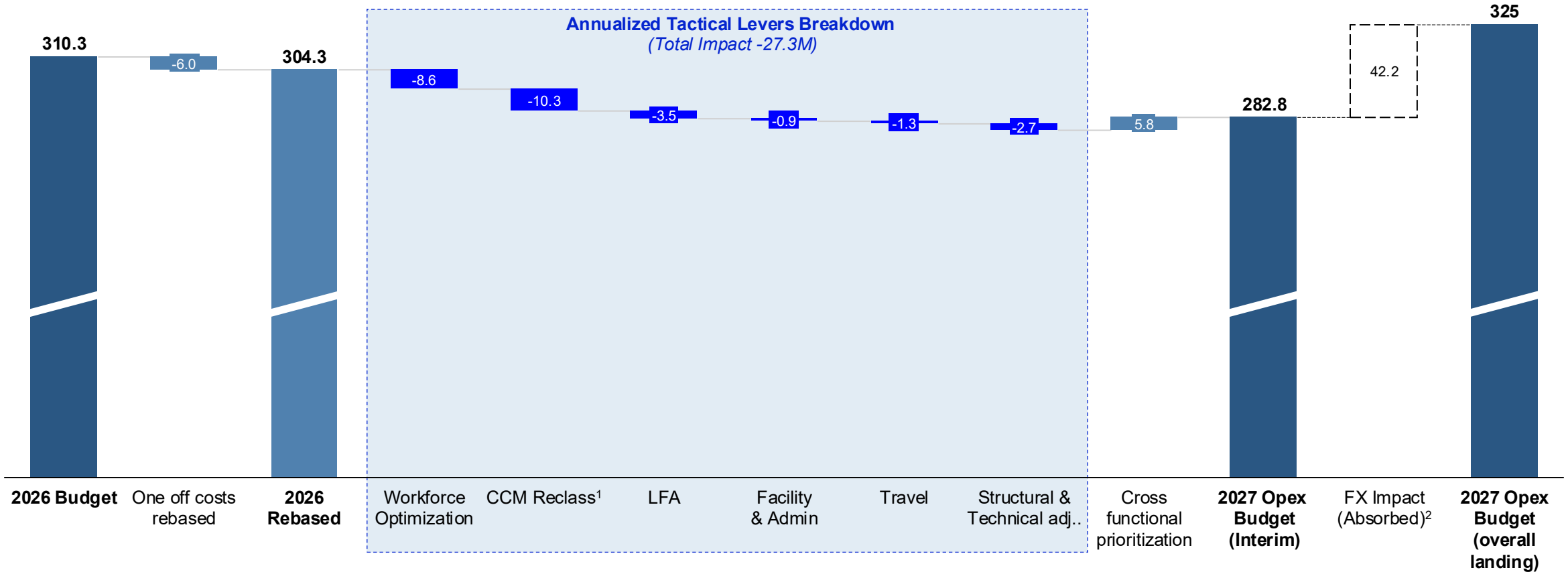
Optimized travel and discretionary spend: New missions, consultants or initiatives will need stronger prioritization, stringent eligibility criteria or offsets

Continued pressure on admin/facilities: Some fixed-cost savings will materialize progressively over the GC8 cycle, not immediately.

Proposed 2027 Budget of US$ 325M integrates Track 1 tactical levers and the foreign exchange impact (FX impact)

Budget methodology and principles are available here

Pathway to 2027 Opex Budget, US$ M *(Opex only)*



1. Subject to formal Board approval

2. USD/CHF fixed hedged rate of GC8: 1.24

Budget View | 2027 OPEX budget by cost nature and functional view

2027 Opex Budget by Nature, US$ M *(Opex only)*

	2027 Budget	2026 Restated budget	Var. 2027 vs 2026 abs	Var. 2027 vs 2026 %	% of total 2027	% of total 2026[1]
LFA Fees	**31.5**	**35.0**	**(3.5)**	**(10%)**	**10%**	**12%**
Cost secretariat and OIG	**271.4**	**243.9**	**27.6**	**11%**	**84%**	**81%**
Workforce	202.7	177.0	25.7	15%	**62%**	**59%**
Staff	198.0	173.3	24.7	14%	61%	58%
Individual / Temp consultants	4.7	3.6	1.0	28%	1%	1%
Professional fees	30.8	29.8	1.0	3%	9%	10%
Travel	11.7	12.1	(0.4)	(3%)	4%	4%
Meetings	2.0	1.7	0.2	14%	1%	1%
Communications	1.4	1.3	0.0	2%	0%	0%
Office infrastructure	20.1	19.1	1.0	5%	6%	6%
Board Constituency	1.4	1.4	(0.0)	(3%)	0%	0%
Depreciation	1.4	1.4	-	0%	0%	0%
Opex before non-recurring costs	**303.0**	**278.9**	**24.1**	**9%**	**93%**	**93%**
Total non-recurring costs	22.0	21.2	0.9	4%	7%	7%
Total operating costs excl. CCM	**325.0**	**300.0**	**25.0**	**8%**	**100%**	**100%**
CCM Funding	**-**	**10.3**	**Reclass**		**Reclass**	
Total operating costs	**325.0**	**310.3**	**14.7**	**5%**		

Key highlights

Workforce share increases to 62% in 2027 vs 59% in 2026 as Track 1 measures are concentrated mainly on non workforce.

2027 Opex Budget by Functional View, US$ M *(Opex only)*

	2027 Budget	2026 Restated budget	Var. 2027 vs 2026 abs	Var. 2027 vs 2026 %	% of total 2027	% of total 2026[1]
Strategy, Governance and Executive Coordination	60.9	54.4	6.5	12%	19%	18%
Compliance and Assurance	61.3	64.2	(2.9)	(4%)	**19%**	**21%**
Operations	93.8	86.0	7.8	9%	29%	29%
Grant Delivery (Execution of Shifts)	87.0	74.3	12.7	17%	**27%**	**25%**
Opex before non-recurring costs	**303.0**	**278.9**	**24.1**	**9%**	**93%**	**93%**
Structural and Technical Adjustments	22.0	21.2	0.9	4%	7%	7%
Total operating costs excl. CCM	**325.0**	**300.0**	**25.0**	**8%**	**100%**	**100%**
CCM Funding	**-**	**10.3**	**Reclass**		**Reclass**	
Total operating costs	**325.0**	**310.3**	**14.7**	**5%**		

Key highlights

Grant Delivery is deliberately protected (increase to 27% in 2027 vs 25% in 2026). **Compliance & Assurance** decreases mainly due to LFA cost optimization **but remains broadly stable at approximately 20%** of a total OPEX

1. Calculated excluding CCM funding

Deep dive | Track 1 levers have a differentiated impact across functions impact while preserving delivery capacity in 2027

Evolution of Secretariat Resourcing levels by functional view, Opex only

All values are in USD M	*A*	*B*	*C*	*D*	*E*	*F=B+C+D+E*	*G*	*H=F+G*
Divisions	**2023-2025 Average** *(for ref. only)*	**2026 Revised Budget[1]**	**One off costs**	**Tactical Levers**	**Cross functional prioritization**	**2027 Budget interim landing**	**FX Impact[2]** *(Absorbed)*	**2027 OPEX Budget**
Strategy, Governance and Executive Coordination	60.8	54.4	-1.4	-3.4	2.6	52.1	8.7	**60.9**
Compliance and Assurance	72.7	64.2	-2.4	-5.0	0.2	57.0	4.3	**61.3**
Operations	89.8	86.0	-2.2	-4.1	1.9	81.6	12.2	**93.8**
Grant Delivery (Execution of Shifts)	84.9	74.3	0.0	-1.8	1.1	73.7	13.3	**87.0**
Structural and Technical Adjustments	22.3	21.2	0.0	-2.8	0.0	18.4	3.6	**22.0**
Net Total	**330.5**	**300.0**	**-6.0**	**-17.0**	**5.8**	**282.8**	**42.2**	**325.0**
CCM	10.7	10.3	0.0	-10.3 *(Reclass)*	0.0	Reclass	0.0	**Reclass**
Grand Total	**341.2**	**310.3**	**-6.0**	**-27.3**	**5.8**	**282.8**	**42.2**	**325.0**

Change vs GC7
US$ -16.2M (-5%)

1. 2026 Restated budget is revised by adjusting JTP positions from OED into respective divisions, incorporating staff cost actualization of ~4M with a net reduction in structural & technical adjustments and impact of 2026 reorgs
2. USD/CHF fixed hedged rate of GC8: 1.24

Deep dive | 2027 resourcing levels are designed to deliver GC8 ambitions in an evolving geopolitical ecosystem

On the continuous transformation journey Secretariat has significantly reduced resourcing levels, a net of 205 FTEs (~20%) in 2027 compared to 2025

Evolution of Secretariat Resourcing levels by functional view[1], Opex only *(FTE, #)*

	A	*B*	*C=A+B*	*D*	*E=C+D*	*F*	*G*	*H*	*I=E+F+G+H*
Functional view	**2025 Budget**	**Net changes**	**2026 Baseline**	**Movements within Functions**	**2026 Rebased**	**Net positions abolished through re-orgs and targeted levers**	**New Positions created thru. Reorgs**	**Cross functional prioritization**	**2027 Workforce**
Strategy, Governance and Executive Coordination	267	-55	212	-6	206	-26	13		**194**
Compliance and Assurance	121	-21	100	0	100	-8	1		**94**
Operations	250	-16	234	5	239	-28	10	2	**223**
Grant Delivery (Execution of Shifts)	420	-69	351	2	352	-12	0	3	**343**
Total	**1058**	**-160**	**898**	**0**	**898**	**-74**	**24**	**5**	**853**

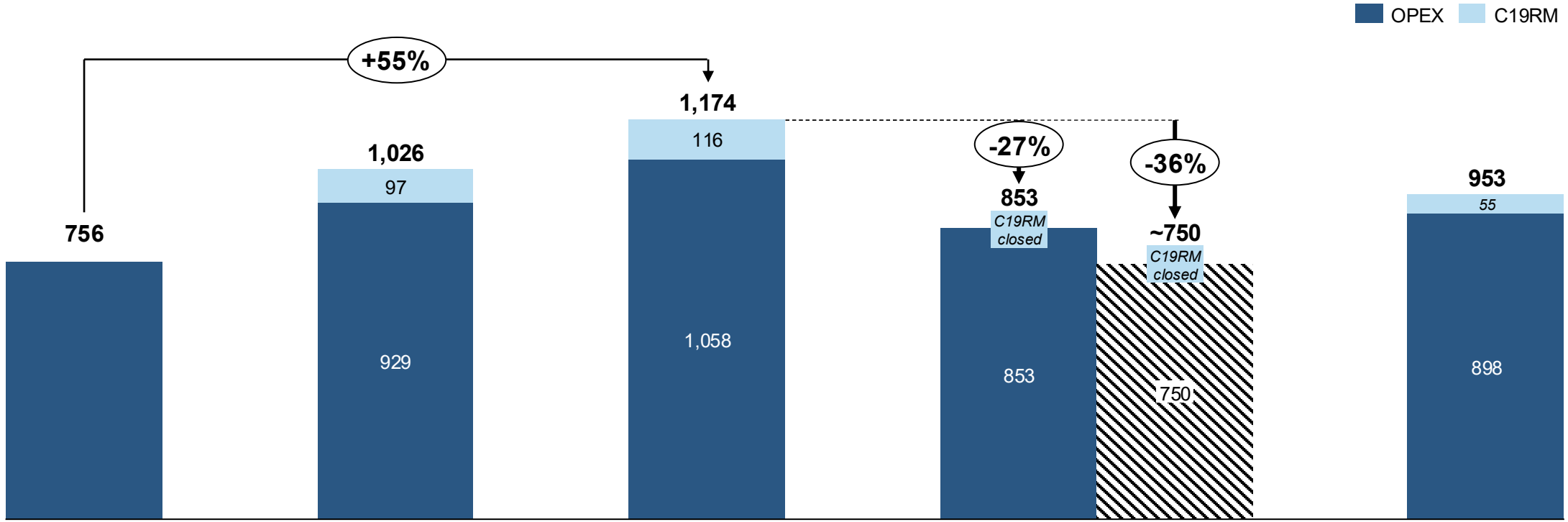
Change vs 2026
-45 FTEs (-5%)

Change vs 2025
-205 FTEs (~-20%)

1. Totals may not add up due to rounding

Evolution of operating budgetary resources over the last decade

Resourcing levels by funding source, FTEs *(#)*



Aggregate OPEX Forecast:	**900 M**	**930 M**	**1,025 M**	**930 M**	
USD/CHF FX Rates	**1.03**	**1.03**	**1.038**	**1.24**	

Board Action | Considering the Governance engagements (May-Jul 2026), OPEX WG sessions (Apr-Aug 2026) and the AFC recommendation to the Board (Oct 2026)

1. **Approve** the AFC recommended 2027 OPEX budget of **US$ 325M** and the **CCM funding realignment**
   reflecting governance inputs (including OPEX WG)

2. **Recognize** the risks and tensions in the OPEX aggregate forecast
   Operating at US$930M is achievable but comes with risks and trade-offs

3. **Acknowledge** a potential adjustment to the OPEX aggregate forecast **up to US$ 60M**
   To enable effective leadership transition, transformation and org prioritization

4. **Protect** Secretariat's delivery capacity as a strategic enabler of GC8
   Deliver GC8 grants for impact and advance the strategic shift

Why this matters

1. Create strategy alignment with priorities & risk trade-off under new leadership
2. Launch grant delivery differentiation
3. Anchor resource allocation through robust strategic workforce planning
4. Articulate 2028 budget and affirm impact on aggregate forecast

Annex 1 : CCM funding realignment

CCM Funding Realignment | A structural ALM adjustment - not a reduction

Reclassified to align with the three-year AUP[1], providing funding certainty and visibility across the cycle while being managed through ALM - fully preserving CCM funding, country allocations and independence.

~$31M

Realigned from OPEX to ALM (~3% of the OPEX envelope)

~25%

Of the $130M funding gap closed — OPEX headroom freed

$10.78B

GC8 country allocation — entirely unaffected

0.17%

Value at risk — of open Uses of Funds

±10%

Stress-test margin of error

Confirmed

Within ALM appetite — risk acceptance for Board approval

What changes?

Only the funding source — from the Secretariat OPEX envelope to the ALM balance, held in a dedicated, ring-fenced use of funds.

What does not change?

The amount, the CCM's direct funding agreement, independent disbursement, separation from the country allocation, and CCM accountability.

Trade-off, stated plainly

The ~$31m is realigned, not removed, ALM optimization itself carries pledge and FX risk. The ask is to approve this realignment within risk appetite — not as a saving. The CCM realignment will also create OPEX headroom helping mitigate capability gaps for the delivery of the GC8 shifts

1. Allocation Utilization Period

Change principles | Independence and safeguards maintained with a coherent correction, transparently governed under CCM accountability

Opportunity: Improved 3-year funding agreements with annual disbursements giving CCMs multi-year predictability and aligning their planning and oversight with the grant cycle.

Principles

Ring-fenced, not merged	Funds sit in a dedicated, segregated "Part-B" in uses of funds on top of the country allocation — never merged with grant funding, consistent with the CCM Funding Policy.
Direct agreement retained	CCMs keep a funding agreement signed directly with the Secretariat, disbursed on that basis — independent of the Principal Recipients they oversee.
CCM-owned accountability	CCM budgets and expenditures remain under the accountability and oversight of CCMs — not absorbed into grant or PR accountability chains.
Country allocations untouched	The $10.78bn GC8 country allocation is unaffected; CCM funding does not compete with programmatic dollars.

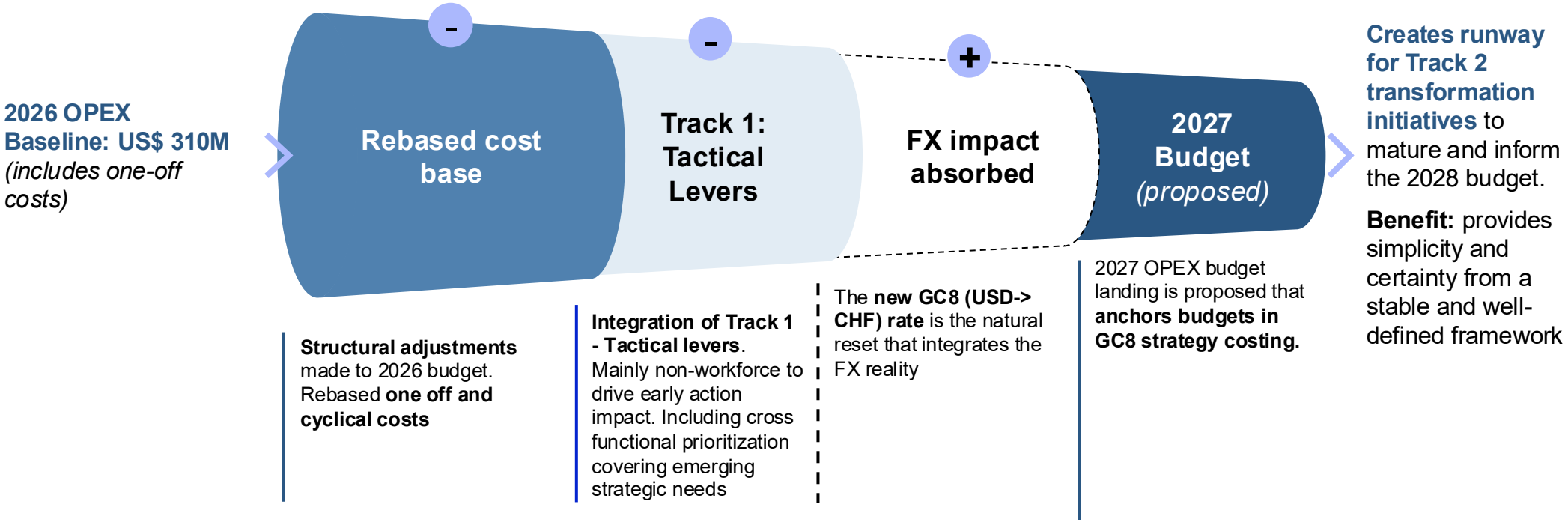
Rationale & Governance

Corrects a classification anomaly	Current OPEX classification conflates internal Secretariat costs with an externally-transferred, CCM-managed funding flow. CCMs are autonomous, Board-mandated governance bodies — not Secretariat overhead.
Structurally coherent	CCM activities are fundamentally linked to country-level governance, coordination and oversight — so funding them alongside (but ring-fenced from) program funding sits more naturally than embedding them in OPEX.
Transparently governed	Technical updates to CCM Funding framework, where needed, will be shared with the relevant governance bodies for information.

Annex 2 : 2027 Budget details

2027 budget is achieved through tactical measures while preserving org flexibility and enabling Track 2 continuous transformation

Considerations			
	Org Evolution since GC6: Reflects reorganizations, operating model changes and workforce actualization	**Strategy Costing:** 2027 Budget is anchored to deliver on GC8 strategic shifts and delivery requirements	**Track 1:** Immediate controllable levers achieved primarily through tactical non-workforce measures



Creates runway for Track 2 transformation initiatives to mature and inform the 2028 budget.

Benefit: provides simplicity and certainty from a stable and well-defined framework

Budget View | 2027 OPEX budget by Delivery approach

2027 Opex Budget by Delivery, US$ M *(Opex only)*

	2027 Budget	2026 Restated budget	Var. 2027 vs 2026 abs	Var. 2027 vs 2026 %	% of total 2027	% of total 2026
Strategy & Resource Mobilization	**38.7**	**33.5**	**5.2**	**15%**	**12%**	**11%**
Strategy	11.0	10.3	0.7	7%	3%	3%
Resource Mobilization	27.7	23.2	4.5	19%	9%	7%
Operational Delivery	**118.7**	**103.4**	**15.3**	**15%**	**37%**	**33%**
Grant Mgt Country Teams	81.9	68.6	13.3	19%	25%	22%
Technical Delivery	36.8	34.8	2.0	6%	11%	11%
Secretariat Support / Enabler	**81.8**	**75.6**	**6.2**	**8%**	**25%**	**24%**
Assurance	**25.3**	**22.5**	**2.7**	**12%**	**8%**	**7%**
Structural & Technical Adjustments	**22.0**	**21.2**	**0.9**	**4%**	**7%**	**7%**
PART A - Total Secretariat	**286.5**	**256.2**	**30.2**	**12%**	**88%**	**83%**
Operational Delivery	**2.5**	**12.4**	Reclass		**1%**	**4%**
CCM & CCM Evolution	2.5	12.4			1%	4%
Assurance	**36.0**	**41.6**	**(5.6)**	**(14%)**	**11%**	**13%**
PART B - In-Country & Independent bodies	**38.5**	**54.1**	**(15.6)**	**(29%)**	**12%**	**17%**
Total operating costs	**325.0**	**310.3**	**14.7**	**5%**	**100%**	**100%**

Key highlights

Operational Delivery rises to 37% in 2027 versus 33% in 2026, reflecting the intentional protection of Grant Management Country Teams.

In-Country & Independent bodies decreases mainly due to LFA cost optimization and CCM being reclassed with in ALM

Deep dive | Allocation of Cross functional prioritization

The **US$ 5.8M has been fully allocated in cross functional prioritization, time-bound needs that require funding beyond functional envelopes.**

The funding was allocated to five areas:

1. **GC8 implementation** – targeted additional capacity and support required to enable effective launch and implementation of GC8.
2. **GC9 preparation** – early investment in the analysis, design and preparation required to position the organization for the next grant cycle and strategy period.
3. **Transitions & transformation** – support for priority organizational transitions and transformation initiatives during 2027.
4. **Process optimization & simplification** – targeted investments to continue to streamline processes, improve operational effectiveness and enable more efficient ways of working.
5. **Critical business needs** – essential, time-sensitive requirements that cannot be absorbed within existing divisional budgets.

Across categories, allocations were prioritized based on strategic alignment, criticality and timing, additionality to existing budgets, and expected organizational impact.

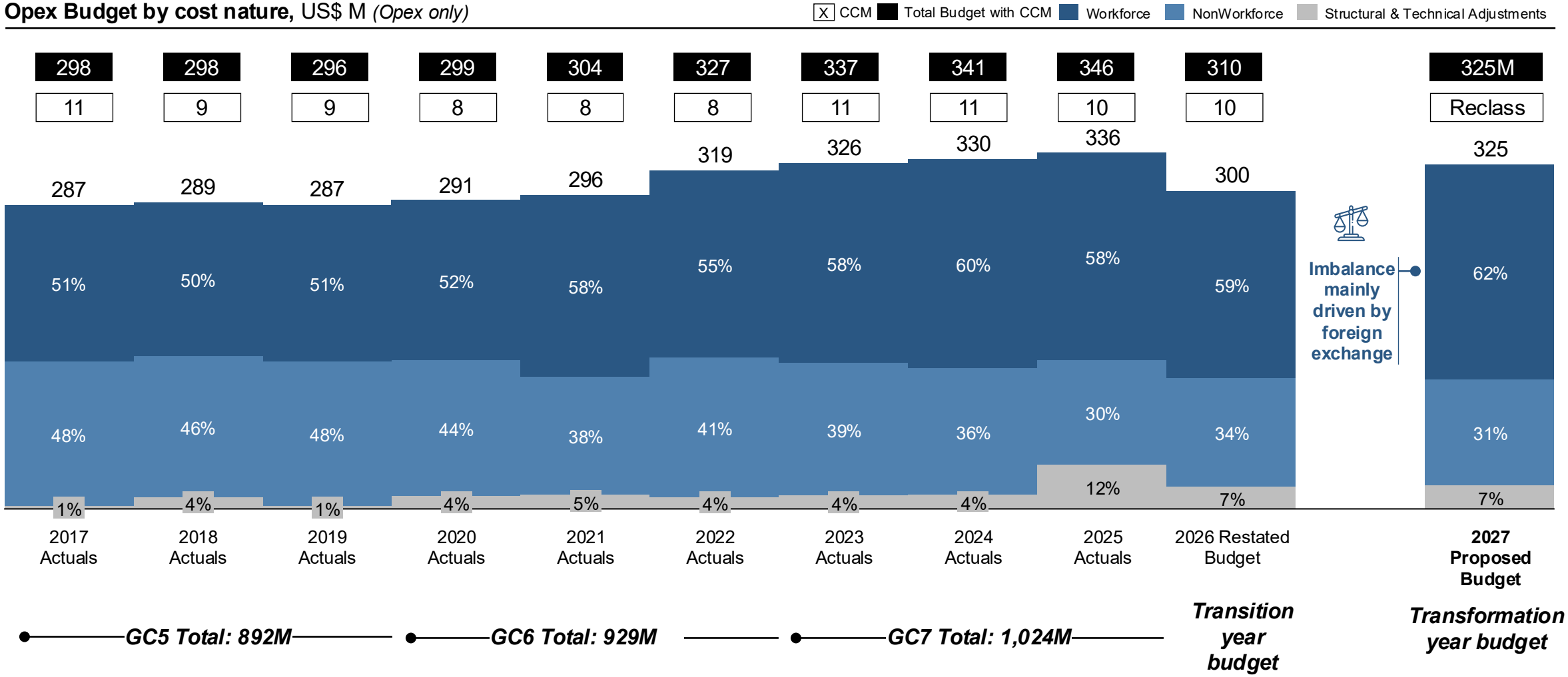
2027 Cross functional prioritization

Priority Allocation Areas	Allocation	% of total
GC8 Implementation	0.8	14%
GC9 Preparation	2.1	37%
Transitions & transformation	1.3	21%
Process optimization & simplification	0.6	11%
Critical business needs	1.0	17%
Total	**5.8**	**100%**

Evolution of OPEX over the last decade (2017-2027)

The increase in workforce cost is mainly driven by the impact of foreign exchange while total FTEs have reduced by ~20% since GC7

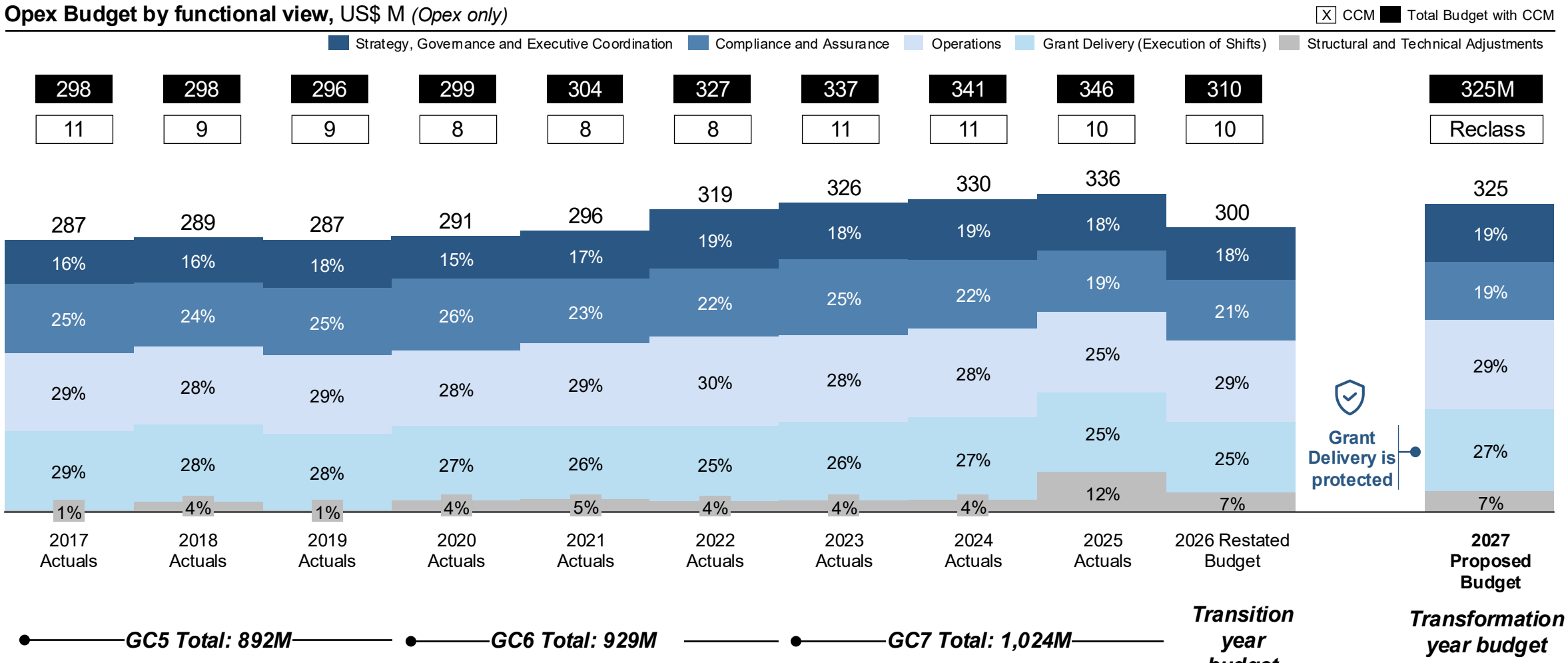
Opex Budget by cost nature, US$ M *(Opex only)*



Evolution of OPEX over the last decade (2017-2027)

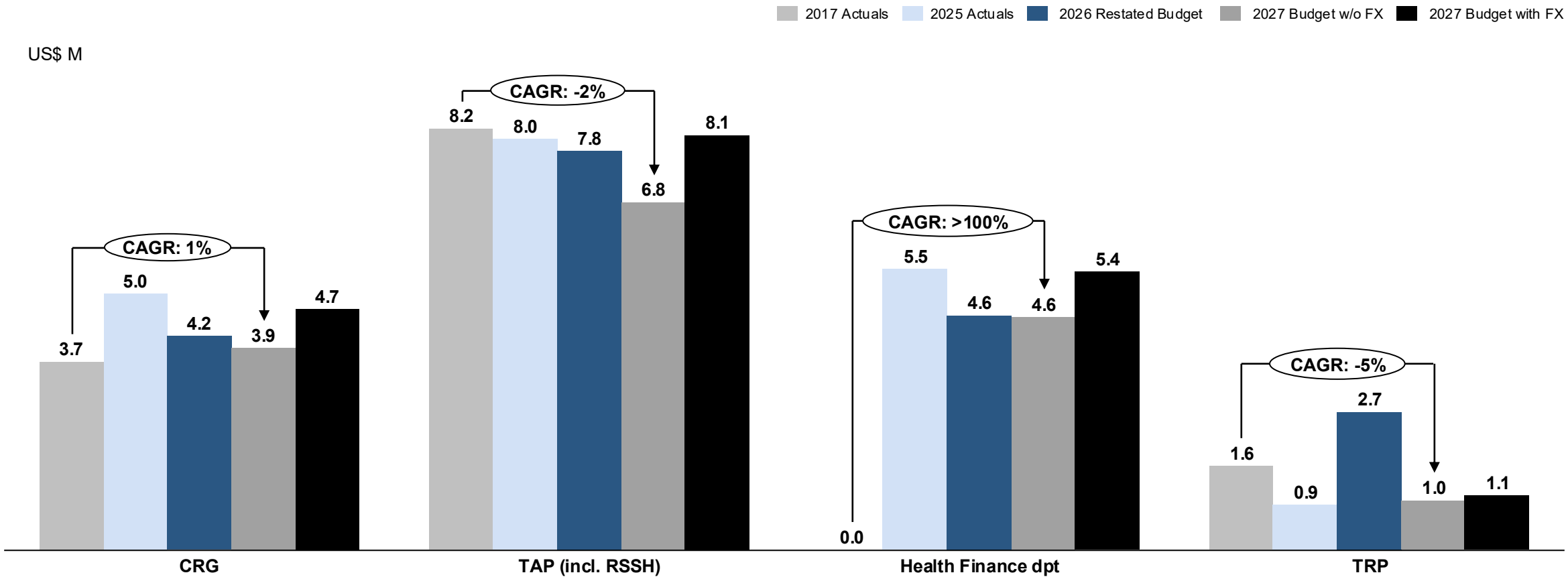
The 2027 budget increases Grant Delivery's share from 25% to 27%

Opex Budget by functional view, US$ M *(Opex only)*



Strategic focus areas

2017 Actuals, 2025 Actuals, 2026 Budget revised vs 2027 Budget



1. Excluding LFA and CCM

Holistic Budget View | 2027 budget by funding source and cost nature

Regular OPEX | Alternate Funding Mechanism | Special Purpose Mechanism

in US$ M	2027 Budget					2026 Budget revised					Change			
	OPEX Budget	OPEX C19RM	Strategic Initiatives**	OPEX NGFP	TOTAL	OPEX Restated Budget*	OPEX C19RM	Strategic Initiatives**	OPEX NGFP	TOTAL	Var. 2027 vs 2026 abs	Var. 2027 vs 2026 %	% of total 2027	% of total 2026[1]
LFA Fees	**31.5**		**-**	**-**	**31.5**	**35.0**	**6.0**	**-**	**-**	**41.0**	**(9.5)**	**(23%)**	**9%**	**13%**
Cost secretariat and OIG	**271.4**		**11.1**	**7.5**	**290.1**	**243.9**	**11.5**	**5.8**	**1.1**	**262.2**	**27.9**	**11%**	**84%**	**81%**
Workforce	202.7		8.2	6.2	217.1	177.0	9.2	4.6	0.6	191.4	25.7	13%	63%	59%
Staff	198.0		8.2	6.2	212.4	173.3	8.9	4.5	0.6	187.3	25.1	13%	62%	58%
Individual / Temp consultants	4.7		-	-	4.7	3.6	0.3	0.1	-	4.1	0.6	15%	1%	1%
Professional fees	30.8		2.2	1.1	34.2	29.8	0.7	-	0.4	30.9	3.2	10%	10%	10%
Travel	11.7		0.1	0.1	11.9	12.1	0.8	0.4	0.0	13.4	(1.5)	(11%)	3%	4%
Meetings	2.0		0.7	-	2.6	1.7	-	0.8	-	2.5	0.1	4%	1%	1%
Communications	1.4		-	-	1.4	1.3	-	-	-	1.3	0.0	2%	0%	0%
Office infrastructure	20.1		-	0.1	20.2	19.1	0.7	-	0.0	19.8	0.3	2%	6%	6%
Board Constituency	1.4		-	-	1.4	1.4	-	-	-	1.4	(0.0)	(3%)	0%	0%
Depreciation	1.4		-	-	1.4	1.4	-	-	-	1.4	-	-	0%	0%
Opex before non-recurring costs	**303.0**		**11.1**	**7.5**	**321.6**	**278.9**	**17.5**	**5.8**	**1.1**	**303.2**	**18.4**	**6%**	**94%**	**93%**
Total non-recurring costs	22.0				22.0	21.2	-			21.2	0.9	4%	6%	7%
Total operating costs excl. CCM	**325.0**		**11.1**	**7.5**	**343.6**	**300.0**	**17.5**	**5.8**	**1.1**	**324.4**	**19.2**	**6%**	**100%**	**100%**
CCM Funding	**-**				**Reclass**	**10.3**				**10.3**			**Reclass**	
Total operating costs	**325.0**		**11.1**	**7.5**	**343.6**	**310.3**	**17.5**	**5.8**	**1.1**	**334.7**	**9.0**	**3%**		

C19RM funding Closes end of Dec 2026

* 2026 Restated budget is revised by adjusting JTP positions from OED into respective divisions, incorporating staff cost actualization of ~4M with a net reduction in structural & technical adjustments and impact of 2026 reorgs
** Strategic Initiatives projection subject to changes pending GAC approval of budgets

1. Calculated excluding CCM funding

Annex 3: Special Purpose Mechanism

Non-Global Fund-Financed Procurement

NGFP Resourcing | Funding, Budgeting & Risk Mitigation

Financial Outlook

2026-2027 (current AFC review)
2026-2028

$12.6M 2026-2027 **$19.8M** 2026-2028

Projected Sources of Funds available for OPEX

Demand forecast fee revenue + Co-funding

$8.6M 2026-2027 **$14.1M** 2026-2028

Incremental Secretariat Costs (Uses of Funds)

Workforce & Non-workforce

+4.0M 2026-2027 **+5.7M** 2026-2028

Projected Balance

Prudent safeguard, and subject to further cost attribution, requirements, and safeguards

Budgeting Approach

Regular OPEX

- Established 3-year aggregated forecast at beginning of cycle (lower uncertainty)
- Budget approved annually by AFC and managed within that envelope

VS

NGFP Opex

- Available resources subject to change and rely on demand-linked projections, requiring dynamic management (higher uncertainty)
- Costing to be notionally allocated annually but managed within 3-year envelope, with commitments tied to available funding (12-mo ALM matching principle)

Financial Risk Mitigation

⚠ Demand Uncertainty

✓ Differentiated risk-based adjustments to demand forecasts for projected fee income.

⚠ Funding-Expenditure Timing

✓ 12-mo ALM monitoring; commitments only made against available funding.

⚠ Evolving Cost Requirements

✓ Dynamic review of resource requirements and cost attribution, with adjustments made w/in available funding envelope.

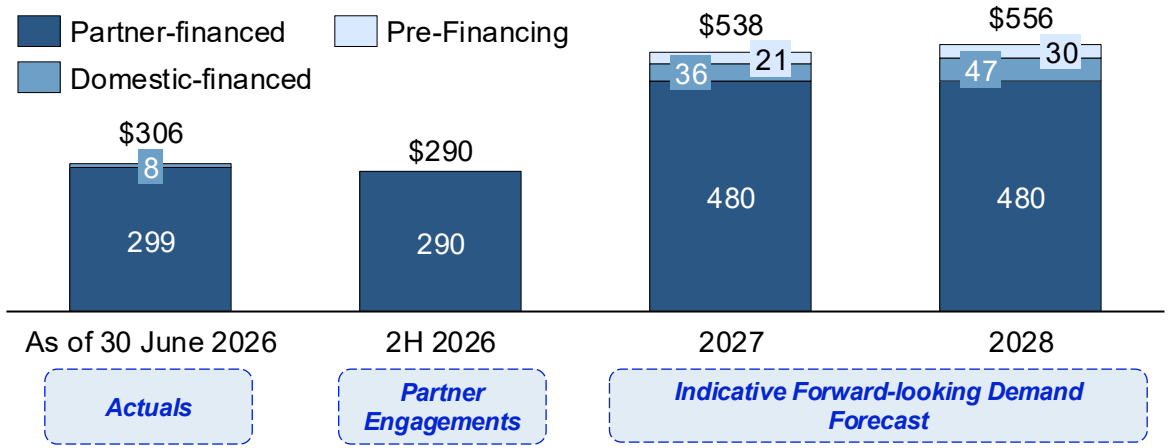
NGFP Projected Sources of Funds | Projection of demand forecast and anticipated fees for OPEX management (2026-28) (US$ M)

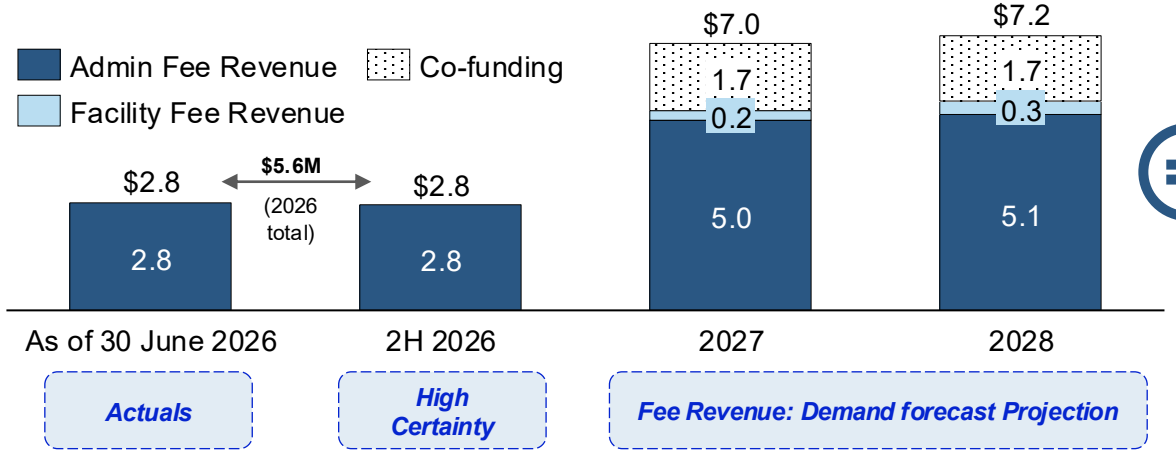
NGFP Projected Demand & Sources of Funds: Actuals + Forecast (US$ M)

Demand Volume
(Actuals + Projection)

Informs

Projected Sources of Funds for OPEX[1]
(Fees + Co-funding)





Prudent, Demand Forecast Resource Planning Approach

- **Demand Forecast Projections:** Projected fee income is derived from forecasted partner-financed and domestic-financed procurement demand.
- **Prudent Risk Adjustments:** Differentiated adjustments reflect the higher uncertainty of domestic-financed demand and account for foreign exchange exposure on projected fee revenue.
- **Dynamic Resource Envelope:** Resources are managed as an envelope and subject to demand forecast adjustments. Projections will be re-based twice annually to reflect actual activity and evolving forecasts, ensuring a 12-mo matching principle of sources and uses of funds.

$19.8M

Projected Sources of Funds for OPEX (fees and co-funding)

2026-2028

(demand forecast projection, incorporating prudent uncertainty adjustments)

1. Projected resources comprise NGFP fee income and private donor co-funding. Demand Forecast fee revenue projections incorporate prudent adjustments for forecast uncertainty and foreign exchange exposure. The envelope excludes separately earmarked NextGen SI funding. Projected Sources of Funds available to fund NGFP OPEX

NGFP Secretariat Costing | 2026-2028 Resource Plan

US$ M	2026	2027	2028	2026-2028	
REMINDER: Projected Sources of Funds available for OPEX *(see prior slide)*					
A	$5.6	$7.0	$7.2	$19.8	
$12.6M cumulative SoF through Dec. 2027 *2.8M to June 2026 (actuals) + $2.8M to Dec. 2026 (forecast) + $7.0M in 2027 (projection)*					
Indicative NGFP Incremental Operating Budget*					
Workforce	0.6	6.2	4.8	11.7	
Staff	*0.6*	*6.2*	*4.8*	*11.7*	*Incremental NGFP-dedicated resources across the Secretariat.*
Non-Workforce	0.5	1.3	0.7	2.4	
Prof. Fees	*0.4*	*1.1*	*0.5*	1.9	*IT & systems development, external audit, insurance, and targeted technical assistance. Modest budget for NGFP-related missions, coordination, and support.*
Travel	*0.05*	*0.1*	*0.1*	0.3	
Office Infra.	*0.02*	*0.1*	*0.1*	0.2	*IT Licenses*
B **Operating Budget**	**1.1**	**7.5**	**5.5**	**14.1**	
$8.6M operating budget through Dec. 2027					

C ***Projected Balance at Dec. 2027: +$4.0M*** *(prudent headroom)*

*Incremental NGFP resourcing costs endorsed by the ED and NGFP SteerCo. Estimates remain subject to refinement, including the attribution of existing Secretariat capacity deployed to support NGFP.

Budgeting & Financial Mgmt. Principles

1. **Demand Forecast Budgeting**
   Annual OPEX budgets established against projected fee revenue and available earmarked funding within the multiyear resource envelope. Commitments are authorized only against sufficiently secured and available funding.

2. **Rolling 12-Month ALM Matching**
   Sources and Uses of Funds are monitored on a rolling 12-month basis to ensure that planned commitments remain within available resources.

3. **Biannual Financial Review**
   Funding availability, actual expenditure and outstanding commitments will be reviewed and rebalanced twice annually. Budget adjustments made as necessary to address imbalances between projected resources and expenditure requirements.

4. **Surplus Reserve Management**
   AFC guidance on use of surplus reserves sought if amount exceeds 18-mo of operating costs (going concern test).

Annex 4 : Reminder & context setting

Progressive alignment on OPEX challenges, incl. 2027 OPEX recommendation today and need for Gov. decision on 3-year aggregate forecast by Q1 2027

What we have already achieved…

OPEX WG 1.0 – 15 Apr 2026

Built a shared understanding of fundamental changes in GC8 OPEX affordability with clear articulation **of ~US$ 230M funding gap, along with sharing some levers for consideration**

OPEX WG 2.0 – 11 Jun 2026

Presented a dual track approach to solve for the funding gap by applying **early action levers** through Track 1 and **deliver 2027 budget** while also providing **headroom for Track 2 design** and implementation plan to mature

AFC 30 & Board 55

Obtained governance bodies' endorsement on the funding challenge, Secretariat's response with the dual track approach and its strategic impact.

Created strategic alignment (leadership and governance) on the impact of CCM reclassification and Track 2: Continuous transformation

Highlighted key risks and trade-offs by embarking on a transformation journey

Governance bodies mid point check in

OPEX WG 3.0 – 23 Jul 2026

Proposed 2027 OPEX budget landing, approach and methodology with the integration of Track 1 levers - delivering first step of a broader dual track affordability pathway

OPEX WG 4.0 – 26 Aug 2026

Reflected on WG's feedback with functional case studies.

- Endorsement of the **proposed 2027 Budget** at **US$325M**
- **Hold OPEX forecast** at **US$930M** , with consideration of **up to US$60M potential adjustment** foll owing consideration of **strategic workforce planning approach, and country-facing delivery model, and subject to future AFC and Board decisions**
- Secretariat to present updates for **Governance deliberation** on OPEX forecast expected **no later than Q1-2027**

…Where we are today

Summary of AFC 31

Board 56 – Oct 2026

Board to approve 2027 OPEX budget of US$ 325M (AFC recommended) and workplan

Board to formally approve reclassification of CCM funding from OPEX to country allocation funding as Part B

Highlight preliminary financial trade offs for holding OPEX at US$930M envelope with an opportunity to adjust by up to US$60M to ensure optimal organizational planning for 2028 & 2029 budget cycles

First milestone in the longer journey

RECAP | Reflecting Board discussion, Two track pathway provides a basis to address the funding gap and deliver 2027 OPEX budget

Track 1 — Early Endorsed Action

~$70M (55% of the gap)

Primarily non-workforce, acts immediately:

- CCM $31m realigned to ALM — a one-off reclassification, not a saving
- Travel, LFA and assurance optimization (LFA monitored as oversight risk)
- Other deferrals and one-off measures

Serves as a progressive bridge to implement Track 2

Controllable levers focused primarily on non-workforce costs

Delivers 2027 OPEX budget and delivers stable financial trajectory

Track 2 — Continued Transformation

~$60M (45% of the gap)

Aligned with GC8 strategic shifts, sequenced across the cycle:

- Review of how we support countries, set investment priorities, monitor progress, and manage risk: ~$45–50m
- Automation, AI and partner-operated service delivery models: ~$10-15m
- Sharper prioritization to sustain impact and manage associated risks

Delivers an **"Agile"** fit-for-purpose organization

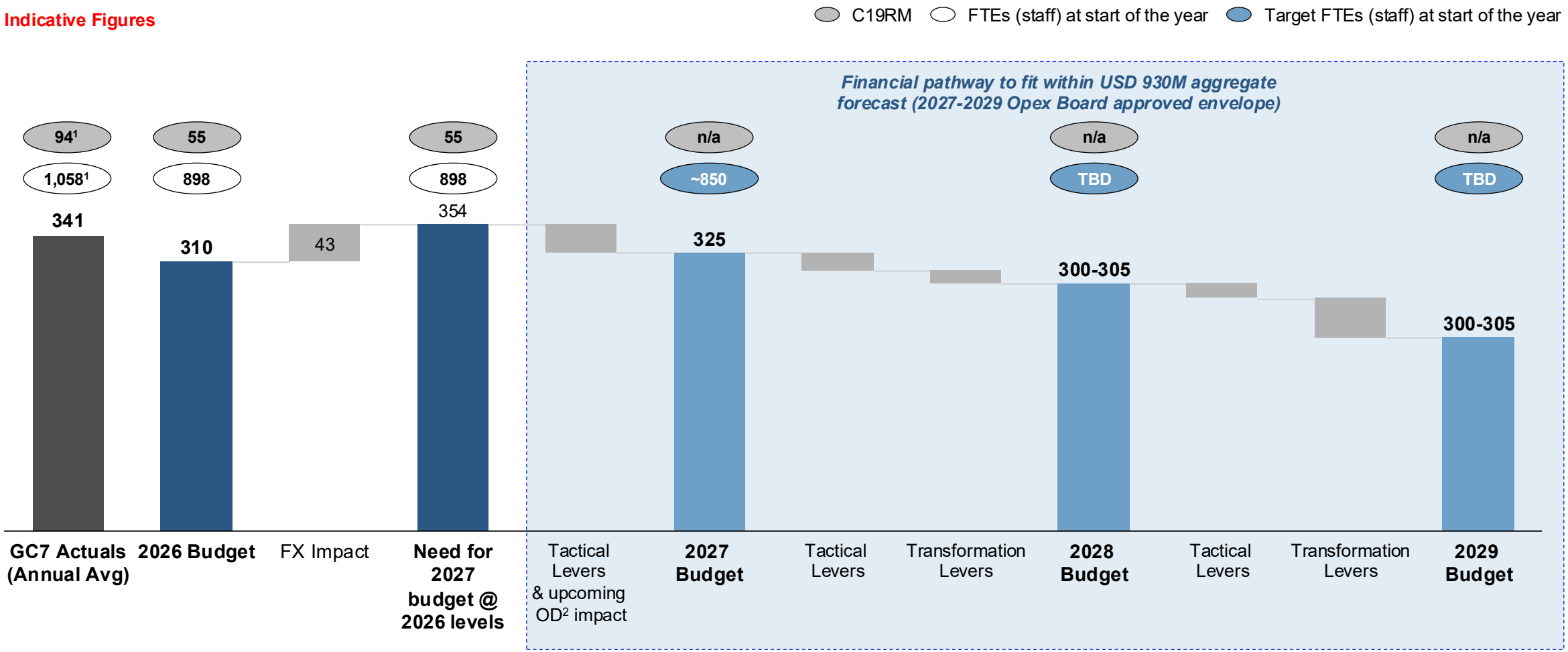
Longer-term redesign work focused primarily on workforce costs

Delivers 2028 and 2029 OPEX budget **and closes the funding gap**

RECAP: Indicative 3-yr OPEX Budgets | A controlled pathway anchors the 2027 budget while providing headroom to deliver long term org changes

The dual track approach allows a progressive OPEX budget ramp down over the 2027-2029 period

Indicative Figures



1. As of Dec 2025, from an initial level of 133 C19RM funded FTEs
2. OD = Organizational Design

RECAP from Board | Board Members support the 2-track pathway and reclassification of CCM as part of the Tactical levers (B55-July 2026)

Facilitating a stable 2027 budget (12-mth headroom) to progressively design and implement Track 2 levers

Track 1

- **Endorsed the two-track pathway** to bridge the funding gap between GC7 and GC8
- **Acknowledged the reclassification of CCM** into ALM – formal decision point to follow at Board 66. A strategic discussion on CCM is also expected by the Board

Cross cutting

- **Proactive monitoring of highlighted risks** and implement mitigation actions within the reduced capacity

Track 2

- **Articulate a strategic prioritization approach** to drive operating model **relevance, protect core delivery** with an adapted Governance model
- **Focus** on a continuous transformation mindset shift that drives sustainable cost optimization and liabilities management while retaining critical talent.

Timeline | Progressive pathway for optimal landing of 2027-2029 OPEX funding within the Board Approved Aggregate Forecast

June 2026
Baseline Established

- 2026 Budgeted FTEs: 898
- Transition Year (2026) OPEX budget: US$ 310.3M.
- **OPEX optimization FTE reduction target: 150-200 FTEs**

Funding Gap: 130M

Net of the 95M already adjusted in 2026 and part of the SoF

Remaining Funding Gap: US$60M

July 2026
Track 1 - Tactical Levers

"Early Action"

Value delivery: US$70M (55%)

- **Largely focused on non-workforce** which provides transitional headroom to address the remaining funding gap through transformation levers
- **Unlocked the preparation and Board/AFC approval of 2027 OPEX budget & endorsement of strategic costing 2027-29**

By Q1 2027
Track 2 - Transformation Levers *(Initial wave of decisions)*

Value Delivery: 60M (45%) - Unlocks OPEX budget 2028

- Enable transformation through automation & partner-operated service delivery models
- Finalize baselining and differentiation framework for country-facing delivery model, with risk & assurance prioritization incorporated, and impact assessment of US$930M for 2027-29
- Launch People Policy and Processes review and strategic workforce planning approach
- Reassessment of FX tension and propose structural adaptations for OPEX
- Leverage the baseline, differentiation framework and strategic workforce planning approach to reaffirm the OPEX forecast articulating tension of 930M and value of an increase

Q2 2028
Decision on relocation

Unlocks OPEX budget 2029

- Transactional and BAU processes automated
- Shared service centers established and task shifting completed
- New org functional structures delivered
- Strategic Footprint and Relocation ambition aligned

GC9 & Beyond

1. All figures in USD

Delivery Approach, Functional & Thematic Areas Mapping Guide

Delivery Approach Mapping

Delivery Approach	Division/Department/Teams
Strategy & Resource Mobilization	Strategy: SPH, Governance Resource Mobilization: ERCD, OED
Grant Mmgt Country Teams & CCM & CCM Evolution	F&A (CT Finance Specialist), GMD (CT & CCM)
Technical Delivery	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, IEP, TRP
Structural & Technical adjustments	Structural & Technical adjustments

Operational Delivery

Thematic Areas Mapping

Thematic Area	Sub Thematic Area	Division/Department/Teams
Secretariat Operational Capabilities	Resource Mobilization	ERCD
	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, IEP reclass, Eval,
Structural & Technical adjustments	Structural & Technical adjustments	Structural & Technical adjustments

Functional Mapping

Pathways	Division/Department/Teams
Strategy, Governance & Executive Coordination	OED, Legal (Governance) ERCD (external relations) F&A (Health Finance, Country Financial Mgmt.), IT (Country Technology Services), SIID (TAP, CRG), SPH, SO (Market Shaping, Sourcing)
Compliance & Assurance	SO QA, Ethics & Risk (incl. PSEAH), LFA, PDQA ELO, OIG, IEP, TRP
Operations	Corp. Finance & Admin, Grant Financial Services, HR, IT, ERCD (Communications), GMD (GPS), SO (Supply Chain, Planning & Procurement, PR Services), Legal (Compliance)
Grant Delivery (execution of Shifts)	GMD (CCM, excl. LFA), A2F F&A (Grant Financial Management), Grant Legal
Structural & Technical adjustments	Structural & Technical adjustments