2024 Corporate Work Plan and Operating Expenses Budget

Introduction

The Global Fund Board met for its 50th meeting on 16-18 November 2023. For that meeting, the Secretariat prepared a paper submitted to the Board that explained the proposed 2024 work plan and the operating expenses budget totalling $342.2 million.

Board Approval

Based on the paper and the recommendation of the Audit and Finance Committee (AFC), the Board approved the 2024 work plan and operating expenses budget.

Context

2024 is expected to be characterized by:

- The start of program implementation for HIV, TB, malaria and resilient and sustainable systems for health (RSSH) grants for 70% of the Grant Cycle 7 (GC7) portfolio;
- Completion of the remaining GC7 grant-making;
- Initiation and monitoring of grant closure of GC6 grants; and
- Resource mobilisation initiatives to prepare for the 8th Replenishment launch, including development of the Investment Case and the new allocation model, communications, advocacy and building partnerships.

Operating Expenses Budget

The 2024 operating expenses (OPEX) budget of $342.2 million comprises: (i) PART A – Secretariat operating expenses of $277.9 million, including $15.9 million for the Office of the Inspector General's 2024 operating expenses; and (ii) PART B – in-country and independent bodies of $64.4 million.

The OPEX remains within the three-year aggregate forecast of $1,025 million for 2023-2025.

A breakdown of the OPEX budget by cost nature is provided in Table 1.

Table 1. OPEX budget by cost category

	$ m	$ m
Workforce		
Salaried staff	189.3	55
Consultants	4.3	2
Total	193.7	57
Non-Workforce		
LFA fees	43.3	13
Country Coordinating Mechanism (CCM) funding	10.6	3
Professional fees	39.1	11
Travel	14.7	4
Office infrastructure	21.3	6
Communications	2.0	1
Depreciation	3.4	1
Meetings	2.5	1
Total	138.3	40
Non-recurring costs	10.3	3
Grand Total	342.2	

74% of the OPEX budget focuses on core operational delivery (grants and resource mobilisation), illustrating deliberate prioritization on core functions to deliver the next Strategy.

Optimization efforts identified $9.3 million (2.8% of baseline) savings to stabilise the cost base.

2024 OPEX budget proposal:

- Reinforces investments in: (i) community, rights and gender (CRG); (ii) protection from sexual exploitation, abuse and harassment initiatives; and (iii) NextGen market shaping.
- Provides incremental funding on the Evaluation & Learning Office and integrated CCM Evolution.
- Allows for costs to cover statutory non-recurring expenses.
- Includes $16.4 million of priority investment for strategic and emerging needs, such as the 8th

Replenishment and Investment Case launch, health product planning and procurement, and some investments in process improvements.

The Secretariat acknowledges that there are funding gaps in operational delivery enablers. For this reason, future forecasts will prioritise re-investments to continue to support the maturity, agility and simplification of business processes and automation leveraging modern technology.

Stakeholders' feedback

All stakeholders approved of the Board decision.

The Secretariat was commended for: (a) staying within the agreed three-year aggregated OPEX forecast, the careful and appropriate prioritization and efforts to contain costs and optimise use of funds; and (b) the focus on efficiency within Secretariat operations, including a clear approach to prioritization by management to enable teams to execute the most important tasks while deprioritizing other activities. It was noted that trade-offs are required to operate in the constrained fiscal environment and that a prioritized list of unfunded and/or partially funded activities had been developed for further consideration for OPEX funding.

Concern was expressed about the stability of the current workforce due to the outcome of the Seventh Replenishment and/or if sources of funds are not maintained at current levels in the future. This is especially relevant to the key priorities to be achieved under the People & Organisation Ambition given the multiple new external initiatives that brings about overstretch and bandwidth constraints in the Secretariat on top of the cyclical peaks with GC7 grant making, the reinvestment shifts of the COVID-19 Response Mechanism (C19RM) and the acceleration during the last year of GC6 grant implementation. It was noted that pressures faced by the Secretariat have been an ongoing challenge since the beginning of the first allocation cycle and one constituency stated their support of consideration of an increase in the OPEX ceiling while maintaining the principles of effectiveness and value for money.

One constituency felt that the Board and Committees do not always make it easy to deprioritize activities and supports greater pushback from management, when appropriate, to balance expectations and trade-offs. It was noted that decision points include an assessment of the budget impact narrowly defined as additional funds, not of the opportunity cost of Secretariat resources. A more candid dialogue would be welcome on the feasibility of various initiatives to support management in targeting resources towards greatest impact, supporting staff health and reducing burn-out risk.

Another constituency took the opportunity to emphasize the need to top up the Emergency Fund. It feels strongly that the Global Fund should continue to be replenished as well as giving the Secretariat leeway to it top up when deemed necessary. This is of particular importance for countries that are facing a multitude

of economic, financial, security and environmental challenges which require a swift mobilization of funds, due to the sustained and volatile situation in many countries facing protracted crises. The urgency to increase Emergency Fund resources to address the needs of populations affected by conflict and displacement were reiterated. It is critical to secure the continuity of supply of commodities and to ensure safe cross-border delivery of essential services, especially for internally displaced populations.

The efficiency levers identified by the Secretariat were noted and constituencies reiterated their wish to see gains redirected towards funding strategic priorities. Among the priorities, constituencies want to see that CCMs are adequately funded (including to ensure the continuous financing of the Oversight Officer) given their importance in implementing the Global Fund's activities and strategy.

Support was expressed for the continued efforts by management to ensure that the human resources of the Global Fund are fit-for-purpose. Despite the articulated stress experienced by staff, the low staff attrition rate was noted and appreciated. Further efforts to ensure a healthy level of turnover for the organization would be welcome, recognising the benefit both of institutional memory and varied experiences. There were several mentions of the need to pay more attention to gender issues and the Secretariat was urged to ensure that the positions set out in CRG-Ready are filled by 2024 to deliver on the strategic priorities and scale up implementation support for community systems and responses, human rights, gender and equity.

******

Board papers GF/B50/02A, 2024 Workplan, Budget Narrative and Operating Expenses Budget, and GF/B50/02B, 2024 Operating Expenses Budget (OPEX), will shortly be available on the Global Fund website

Read More