



**Unitaid Executive Board Meeting  
41st Session  
5-6 December 2022  
The Forum, Global Health Campus  
Geneva, Switzerland**

**Agenda item 8**

**2023  
Proposed Operating Expenses Budget**

For information  For review & advice  For decision

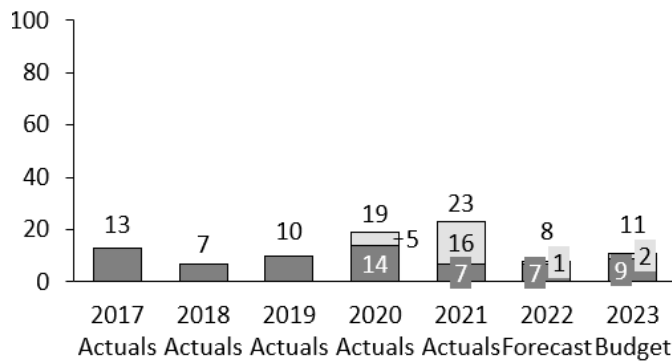
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## Section I Executive Summary

In 2023 the Secretariat will begin to implement the 2023-2027 strategy, work to mobilize donor contributions to fully deliver on our programmatic priorities and consider the impact of the findings of a functional review beginning Q4 of 2022. The Secretariat has also started to return to travel, face-to-face meetings and events – the levels and modalities of which have not yet been normalized (although expectation is that the level will still be below pre-pandemic years). This has required us to make budget assumptions which might evolve over the course of 2023. In order to ensure adequate resourcing for our ongoing work, additional staff resources funded by overhead recovery charges on ACT-A contributions, not included in this budget request, are detailed in Section VII of this document. Despite 2023 being a transition year from the old to the new strategic period, the Secretariat continues to have a very robust active portfolio. In 2023 we forecast the signing of 11 new grants, resulting in an active portfolio of 79 grants, disbursements of US\$ 294 million and overall portfolio value of US\$ 1.5 billion under management.

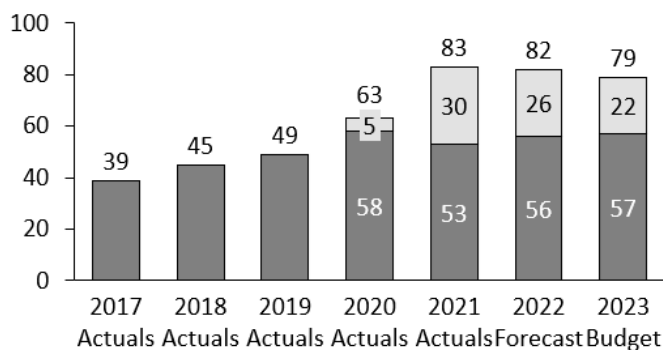
**Figure 1 Grants signed in the year**



ACT-A Core

The forecasted and budgeted number of grants to be signed in 2022 and 2023 respectively are returning to normal levels. This is conservative, as should we receive additional contributions Unitaid has a significant upside pipeline in which to invest.

**Figure 2 Number of grants under management**

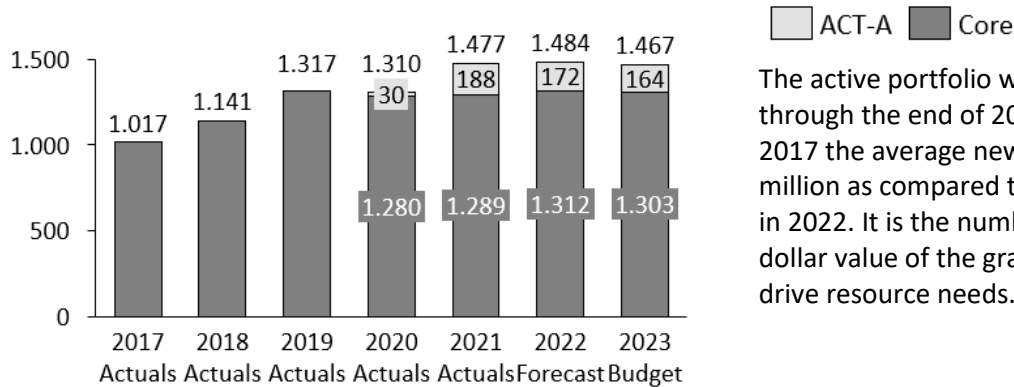


ACT-A Core

The number of grants under management remains high into 2023 and continues to represent a significant workload - especially considering that our current staff plan of 93 posts was modelled on resource needs for a portfolio of 45 grants.

## Section I Executive Summary (cont.)

Figure 3 Portfolio<sup>1</sup> evolution in millions of US dollars



The active portfolio will stay relatively stable through the end of 2023. Of note is that in 2017 the average new grant value was US\$ 23 million as compared to US\$ 10 million to date in 2022. It is the number of grants and not the dollar value of the grant agreements which drive resource needs.

The COVID-19 pandemic, shifting geopolitical developments such as the conflict in Ukraine, a series of natural and man-made humanitarian disasters as well as the cost-of-living crisis being experienced in many donor and programme countries has resulted in an important shift in the availability of funding for global health over the past several months. These shifts have impacted several global health actors, many of whom have experienced significant - and in some cases - severe funding cuts and missed replenishment targets. In discussions with several donors and Board Members in recent months, Unitaid has also felt the impact of the shifts described above as reflected in the resource mobilization update and funding forecast.

The Secretariat believes it is critically important to take deliberate and specific measures to mitigate the impacts of developments on Unitaid's investment pipeline and to position it to remain well placed to deliver on its 2023-2027 Strategy. The implementation of the Strategy will also require additional efforts to ensure that the two strategic outcomes on equitable access and partnerships for innovation are adequately and sustainably resourced. In furtherance of this goal, the Secretariat has identified the prioritization of resource mobilization and related communications and advocacy efforts over the next 24 months as a critical need.

Due to this, additional funding for resource mobilization efforts of US\$ 1.3 million above the recurring operating budget is being requested. We also plan to allocate a portion of the remaining available funds from the ACT-A funded surge support (US\$ 0.8 million) for these activities (see Section VI for detail) for an overall incremental increase to resource mobilization spend of US\$ 2.1 million.

The Secretariat is requesting an operating budget of US\$ 31.1 million for 2023 – a .65% increase to the approved budget of 2022.

<sup>1</sup>The active portfolio is made up of active grants in the year, less grants no longer active.

The main changes/drivers to the operating budget lines over the prior year are mainly due to fixed cost pressures and adjustments to travel as we move out of the pandemic (see more detail in Section IV):

- A reduction of US\$ 1.3 million to the SDIS (Strategy Development and Implementation Support) budget line as no further requirement for strategy development contracts in 2023;
- An increase to staff costs of US\$ 500 k due to annual salary step increases (2.2%). This budget line remains the main cost driver of the budget (70% of the total operating budget, and 80% of the Secretariat budget);
- An increase of US\$ 350 k to administrative costs for the hosting arrangement with WHO – to reflect the 2021 actual charge (2022 not booked until February in the following year);
- As travel is returning, the budget is increasing to two thirds of the 2019 base budget up from one half of the 2019 base budget for 2021 and 2022 – an impact of US\$ 250 k;
- An increase of US\$ 200k to the constituency budgets under governance;
- A reduction of US\$ 100 k to the business development budget to reflect needs for landscaping; and,
- An increase of US\$ 60 k to the grants (non-disbursement) budget for community and civil society engagement.

## Section II Budget approach for 2023

The Secretariat budget is set according to guiding principles against the relevant cost drivers and an overall budget limit. As the budget needs to be prepared in early fall to allow for presentation to the FAC in early November, the budget request is presented as overall spending envelopes by budget line, including information on the underlying cost drivers in line with the practice of our partners. The requested budget is further broken down by budget line against the forecast against budget for the current year.

### Reminder of the agreed budget process

Due to the timing of the fall FAC meeting the Secretariat is required to complete budget preparations for the following year by the end of September. As such an early setting of the budget may not always respond to the priorities of the Secretariat for the following year. The process is as follows:

1. Present a high-level operating expenses budget for 2023, highlighting for each budget category the:
  - a. Cost drivers; and
  - b. Key changes from the prior year's budget.
2. During the FAC meeting, the FAC reviews each budget category and decides:
  - a. If the requested amounts are appropriate; or
  - b. If the requested amounts are not appropriate what is recommended as to an increase or decrease to the budget category; and/or
  - c. If more information is needed before endorsing for EB approval.

3. Between the date of the FAC meeting and the Board meeting the Secretariat will:
  - a. Provide any additional information requested by the FAC;
  - b. Flag to the FAC any significant changes in cost drivers or assumptions that would impact the budget request; and
  - c. If necessary, additional information can be discussed at a FAC teleconference before endorsing the budget for Board approval.
  
4. Variances/significant changes to the budget in the year
  - a. Each budget category is attributed a variance tolerance;
  - b. If during the year there is a need to exceed the variance in a budget category, the Secretariat will flag this to the FAC leadership.

### Reminder of the budget lines

Figure 4 Secretariat budget lines

Secretariat	Governing Bodies	Grant (non-disb)	BDMI	SDIS
<ul style="list-style-type: none"> <li>•Administrative costs of the Secretariat and fixed costs (rent, admin fee to WHO).</li> <li>•Staff costs based on the fully resourced target organizational structure approved by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>•Planned activities relating to Executive Board, Office of the Chair and grants to constituency Board delegations.</li> </ul>	<ul style="list-style-type: none"> <li>•Non-disbursement expenditures for grant agreement development and implementation (missions, in-country visits etc.).</li> </ul>	<ul style="list-style-type: none"> <li>•Costs related to identifying opportunities for intervention and analyses on the disease landscape to assess current access and market shortcomings.</li> </ul>	<ul style="list-style-type: none"> <li>•Consultancies to support strategy development and implementation.</li> </ul>

## Section III 2023 Budget Overview

### 2023 Requested Budget

The requested 2023 budget is categorized by:

- fixed costs (those for which variations in cost are not controllable by the Secretariat, i.e. hosting costs with WHO, rent, shared service costs at the GHC, staff costs), and
- variable costs (those for which Unitaid can unilaterally manage and commit).

Each of the high-level budget lines are further detailed in Section IV by the underlying cost drivers, as well as the allowable variance to further understand the resources requested for the year.

The high-level view for the 2023 proposed budget is shown in Table 1 below against the 2022 budget and 2022 forecast (using information available as at 31 July 2022).

**Table 1. High-level view of the 2023 proposed budget**

<i>In millions of US dollars</i>	<b>2022 budget</b>	<b>2022 forecast</b>	<b>Fcst'd impl rate</b>	<b>2023 proposed budget</b>	<b>Δ over 2022</b>	<b>RM incl. in 2023 budget</b>	<b>RM% of 2023 budget</b>
Secretariat – 93 staff plan	22.1	21.5	97%	22.6	2%	0.6	3%
Secretariat – activities	2.8	3.1	110%	3.2	14%	-	-
Secretariat - fixed	24.9	24.6	99%	25.8	4%	0.6	2%
Secretariat - variable	2.1	2.0	95%	2.5	19%	0.3	12%
<b>Total Secretariat</b>	<b>27.0</b>	<b>26.6</b>	<b>99%</b>	<b>28.3</b>	<b>5%</b>	<b>0.9</b>	<b>3%</b>
Governing Bodies	1.0	0.7	70%	1.2	20%	-	-
Grant (non-disb)	0.5	0.3	60%	0.6	20%	-	-
BDMI	0.5	0.5	100%	0.4	(20%)	-	-
SDIS	1.9	2.1	110%	0.6	(68%)	0.2	-
<b>Other Operating</b>	<b>3.9</b>	<b>3.6</b>	<b>92%</b>	<b>2.8</b>	<b>(28%)</b>	-	-
<b>Total OPEX</b>	<b>30.9</b>	<b>30.2</b>	<b>98%</b>	<b>31.1</b>	<b>1%</b>	<b>1.1</b>	<b>4%</b>
<b>Additional RM efforts<sup>2</sup></b>	-	-	-	<b>1.3</b>	-	-	-

This above proposed budget will be possible only if there are no additional initiatives or significant changes as a result of the functional review. Should these arise - especially in relation to implementing the 2023-2027 Strategy - the budget will need to be revisited accordingly.

The additional two columns referring to resource mobilization are for activities considered purely resource mobilization included as part of the recurring budget – for staff this includes a senior resource mobilization officer, a partnerships officer and one half of the budget for the director of external relations and communication. Likewise, the activities under the secretariat- variable budget line are for specific yearly recurring resource mobilization events and under SDIS for recurring support.

<sup>2</sup> Refer to Appendix 1 for information on additional resource mobilization request.

## 2023 Requested Budget (cont.)

As Unitaid works collaboratively across all of the Secretariat units – resource mobilization is not limited to function, and much of our senior staff spend a significant amount of their time on what could be classified as resource mobilization activities. Additionally, should the communications staff and activities be added (US\$ 1.3 million and US\$ 0.5 million respectively), this would bring the overall portion of the recurring budget dedicated to resource mobilization and communications to US\$ 2.7 million or 9% of the overall operating expenditures in any given year.

## Section IV Detail by Budget Line

### Secretariat

Table 2. Secretariat envelope

<i>In millions of US dollars</i>	<b>2022 budget</b>	<b>2022 forecast</b>	<b>Forecasted Impl rate</b>	<b>2023 proposed budget</b>	<b>Δ over 2022 budget</b>	<b>Δ over 2022 forecast</b>
Staff costs	22.1	21.5	97%	22.6	2%	5%
Activity costs (fixed)	2.8	3.1	110%	3.2	14%	3%
Activity costs (variable)	2.1	2.0	95%	2.5	19%	25%
<b>Total Secretariat</b>	<b>27.0</b>	<b>26.6</b>	<b>99%</b>	<b>28.3</b>	<b>5%</b>	<b>6%</b>

**Staff costs** make up the majority (80%) of the total Secretariat resource requirements relating to core staff. An update to staff costs for ACT-A surge support funded out of ACT-A specific contributions to Unitaid can be found in Section VII which will continue through 2023.

Amounts included in payroll for entitlements (e.g., education grant) are set aside in a fund which is adjusted up or down by WHO payroll at the end of each year depending on how many staff have accessed these entitlements. The gross payroll amount is costed for budget purposes, as the balancing amount will vary year over year.

We anticipate being 98% implemented for staffing in 2022.

The **cost drivers** for staff costs are:

- Full staff costs for the year (costed as average payroll per grade as of July 2022);
- Additional 2.2% for yearly step increases (as per UN staff policy);
- A backfill allowance of US\$ 1.2 million to cover extended sick leaves and maternity;
- 3% vacancy rate.

The **variance tolerance** (i.e., the threshold where we would report a positive variance to the FAC leadership) for staff costs is 3% or US\$ 678 k.



## Secretariat (cont.)

The below staff budget analysis shows the changes between the 2022 and the 2023 staff budget request.

**Table 3. Reconciliation of change between 2022 to 2023 staff budget**

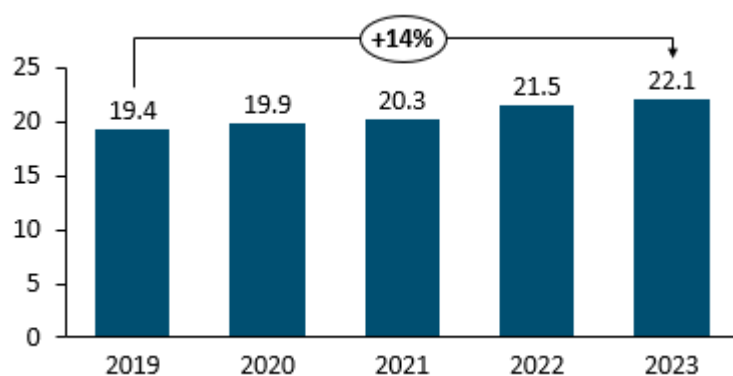
<i>in millions of US dollars</i>	<b>2022 Budget</b>	<b>2023 Budget</b>	<b>% change</b>
Full staff plan of 93 posts	21.1	21.6	2.4%
Salary/step increases	0.4	0.5	25.0%
<b>Full staff plan with step increase</b>	<b>21.5</b>	<b>22.1</b>	<b>2.7%</b>
Vacancy rate of 3%	(0.6)	(0.7)	16.7%
Backfill (sick leave, maternity)	1.2	1.2	0.0%
<b>Staff budget</b>	<b>22.1</b>	<b>22.6</b>	<b>2.3%</b>
Change in full staff plan	0.5		
Change in step increase	0.1		
Change in vacancy rate	(0.1)		
Change in onboarding/maternity etc.	0.0		
2021 budget	<b>22.6</b>		

At the time of this writing, all 93 approved staff posts are filled. The Secretariat keeps a close eye on this, our largest budget area, and forecasts the yearly payroll on a monthly basis. As per usual, any requirements over the stated allowable variance would be flagged to the FAC if needed.

The baseline budget of US\$ 30 million as approved in 2019 included the full staff plan cost for 93 posts including 2.2% for step increases (without vacancy or backfill allowance) of US\$ 19.4 million – for which the same 93 posts are costed at US\$ 22.1 million in 2023 – an overall US\$ 2.7 million increase, or 14% over the time period as shown below. These costs are not ones that the Secretariat is able to unilaterally manage for efficiency purposes.

**Figure 5 Evolution of budget for 93 staff posts at full cost from 2019 to 2023**

*in millions of US dollars*



## Secretariat (cont.)

**Fixed activity costs** will see an increase for the 2023 budget to align with actual costs paid to WHO for hosting costs of US\$ 2.1 m (equivalent to 1.8% of baseline contributions received in the year -much lower as compared to the 13% Programme Support Charge that WHO levies on its extra-budgetary contributions). WHO does not calculate the percentage attribution<sup>3</sup> charged to entities for the year until the financial closure of the year – which is not booked until February of the following year.

The **cost drivers** for fixed activity costs are:

- Administrative Service Agreement (ASA) with WHO<sup>4</sup> of US\$ 2.1 m;
- Rent and shared services at the Global Health Campus of US\$ 1.0 m; and
- External audit of US\$ 50k.

**Variable activity costs** will see an increase as compared to the approved budget for 2022 due to the continued increase to travel and in-person meetings/events with the improvement of COVID-19 situation as well as the need for intensified resource mobilization efforts.

The **cost drivers** for variable activity costs are:

- Staff travel to conferences and meetings to participate, speak, and present on Unitaids work at these (US\$ 640 k) (66% of 2019 travel);
- Strategic communications, graphic design, publications, printing, website maintenance, translation and editing (US\$ 485 k);
- Events highlighting Unitaids and its work (US\$ 290 k);
- Executive and legal support (US\$ 260 k);
- ICT and telecommunications and other office costs increase due to the planned hardware replacement and software licenses (US\$ 250 k);
- Staff training in line with the priority on staff engagement (US\$ 220 k); and
- Consultancies to support proposal review, systems improvement, staff engagement, procurement, human subject research, etc. (US\$ 150 k);
- Internal audit support (US\$ 150 k);
- Carbon offsets (US \$ 80 k).

The **variance tolerance** for variable activities is 5% or US\$ 120 k.

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<sup>3</sup> This amount is calculated as the proportion of Unitaids staff over WHO staff, multiplied by total costs incurred by WHO for both (1) transparency, accountability, and risk management (6.2 of the WHO programme budget), and (2) management and administration (6.4 of the WHO programme budget).

<sup>4</sup> As the ASA with WHO is driven by staff costs – this is a budget line for which the Secretariat is not able to manage for operational efficiency.

## Governing Bodies

Table 4. Governing bodies envelope

<i>In millions of US dollars</i>	2022 budget	2022 forecast	Forecasted Impl rate	2023 proposed budget	Δ over 2022 budget	Δ over 2022 forecast
<b>Governing Bodies</b>	<b>1.0</b>	0.7	70%	1.2	20%	71%

The request for governing bodies resources for 2023 is increasing by US\$ 200,000 over the prior year, due to increases to support the African countries, NGO, and Communities constituencies. Decisions on whether meetings will be in person or virtual will impact the spend, however allowance for all meetings to be in person has been factored in.

The **cost drivers** for governing bodies are:

- Support to the African countries, NGO, and Communities constituencies (US\$ 567 k);
- PRC honorarium and meetings (US\$ 265 k);
- Support to the Chair of the Board (US\$ 265 k); and
- EB and Committee meetings (US\$ 95 k).

The **variance tolerance** is 10% or US\$ 120,000.

Budget requests for the Chair of the Board, African Countries, the NGO, and Communities constituencies are presented in the table below.

Table 5. Requested budgets for Chair of the Board, African Countries and Constituencies

<i>In thousands of US dollars</i>	2022 Budget			2022 Forecast			2023 Budget			% change
	Travel	Other	Total	Travel	Other	Total	Travel	Other	Total	
<b>Chair of the Executive Board</b>	50	200	<b>250</b>	50	197	<b>247</b>	65	200	<b>265</b>	<b>6.0%</b>
<b>African Countries</b>	-	114	<b>114</b>	-	114	<b>114</b>	-	168	<b>168</b>	<b>47.4%</b>
<b>NGOs</b>	15	102	<b>117</b>	15	88	<b>103</b>	54	106	<b>160</b>	<b>36.8%</b>
<b>Communities</b>	32	147	<b>179</b>	30	155	<b>185</b>	68	171	<b>239</b>	<b>33.5%</b>
<b>Total</b>	<b>97</b>	<b>563</b>	<b>660</b>	<b>95</b>	<b>554</b>	<b>649</b>	<b>187</b>	<b>645</b>	<b>832</b>	<b>26.1%</b>

## Grant (non-disbursement)

Table 6. Grant (non-disbursement) envelope

<i>In millions of US dollars</i>	2022 budget	2022 forecast	Forecasted Impl rate	2023 proposed budget	Δ over 2022 budget	Δ over 2022 forecast
<b>Grants (non-disb)</b>	<b>0.5</b>	<b>0.3</b>	<b>60%</b>	<b>0.6</b>	<b>20%</b>	<b>100%</b>

The grants (non-disbursement) budget line has also been adjusted up to assume an increase in travel – 66% of the baseline approved travel portion of the budget instead of 50% in 2022.

The **cost drivers** for grants (non-disbursement) are:

- Duty travel specific to our grants (US\$ 360 k) (66% of 2019 travel)
- Specialist portfolio/grant support (US\$ 75 k);
- Country stakeholder engagement (US\$ 60 k);
- Continued focus on CCSE for SO3 including demand generation (US\$ 60 k); and
- Consulting for those grants requiring human subject research (HSR) (US\$ 55 k).

The **variance tolerance** for grants non-disbursement is 10% or US\$ 60 k.

## Business development and market intelligence (BDMI)

Table 8. Business development and market intelligence envelope

<i>In millions of US dollars</i>	2022 budget	2022 forecast	Forecasted Impl rate	2023 proposed budget	Δ over 2022 budget	Δ over 2022 forecast
<b>BDMI</b>	<b>0.5</b>	<b>0.5</b>	<b>100%</b>	<b>0.4</b>	<b>(20%)</b>	<b>(20%)</b>

The budget request for 2023 will allow the Secretariat to complete required activities, with the working assumption that there will be a continued need for external consultancy support.

The **cost drivers** for BDMI are:

- Consultancies to produce value for money (VFM) and impact studies of our grants (allowance of US\$ 200 k);
- Landscape analysis for topics reflecting areas marked as exploratory in the investment plan (allowance for 4 landscapes at US\$ 50 k each);

The **variance tolerance** is 10% or US\$ 40,000.

## Strategic development and implementation support (SDIS)

Table 9. Strategic development and implementation support envelope

<i>In millions of US dollars</i>	2022 budget	2022 forecast	Forecasted Impl rate	2023 proposed budget	Δ over 2022 budget	Δ over 2022 forecast
<b>SDIS</b>	<b>1.9</b>	<b>2.1</b>	<b>110%</b>	<b>0.6</b>	<b>(68%)</b>	<b>(71%)</b>

The request for SDIS resources is decreasing over the prior year to align with consultancy needs now that the 2023-2027 strategy has been finalized. The increased spend in 2022 is due to the strategy review requested by the Executive Board which was not included in the original budget request - a cost of US\$ 450 k for 2022.

The main objectives of consultancy support for 2023 are to support the Secretariat in:

- Functional review and implementation (US\$ 400k)
- Recurrent RM activities (US\$ 200k)

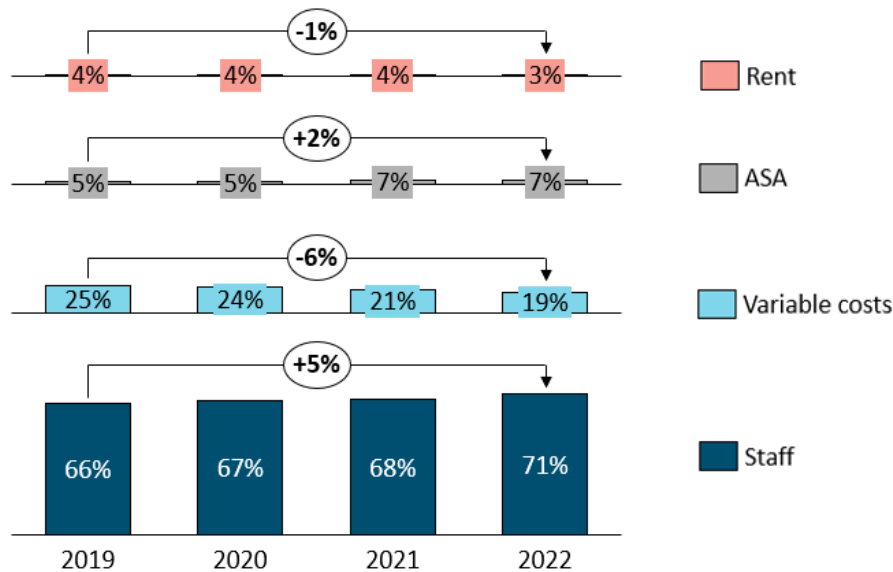
The **variance tolerance** for SDIS is 10% or US\$ 60,000.

## Section V Budget Evolution and Key Performance Indicators (KPIs)

### Budget Evolution

The graph below shows the evolution of the approved Secretariat budget from 2019 through 2022 by Secretariat budget area as a % of the whole.

**Figure 6. Evolution of % proportion of budget areas as part of the baseline budget of US\$ 30 million**



Of the four budget areas above, variable costs is the only area for which the Secretariat is not a price taker (i.e.: in the other three budget areas, the costs are determined outside the Secretariat), and therefore the only expenditure area for which efficiencies or savings can be found – these have reduced by 6% since 2019. Despite the reduction in this budget envelope, due to annual increases to staff costs, the amount of which also drives the proportion of administrative costs paid to the WHO shown as ASA, the overall Secretariat costs as compared to the active portfolio will be slightly over the 2% target with the requested budget – as the portfolio is staying relatively stable (as can be seen in Table 11 on the next page discussing KPIs).

## KPIs

The key efficiency ratios are presented below (KPI A of the current operational KPIs, Secretariat efficiency, is highlighted). Included as the numerator for 2021 - 2023 are the incremental staff costs (see Section VII for more detail) as funded by the overhead cost recovery received for ACT-A specific investments; the denominator similarly includes the portfolio forecasts for both the core portfolio and ACT-A/specified portfolio.

**Table 10. Impact on secretariat efficiency KPI in millions of US dollars**

	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Actuals	2022 Forecast	2023 Budget
<i>In millions of US dollars</i>							
Secretariat (core budget)	19.8	21.3	22.9	23.6	24.5	26.6	28.3
Staff resources <sup>5</sup> (ACT-A)	-	-	-	-	1.3	2.0	2.1
Total Secretariat	19.8	21.3	22.9	23.6	25.8	28.6	30.4
OPEX	25.4	26.0	26.5	26.0	29.3	30.2	33.2
Portfolio size (core)	1017	1141	1317	1275	1289	1312	1303
Portfolio size (ACT-A)	-	-	-	35	188	172	164 <sup>6</sup>
Total Portfolio	1017	1141	1317	1310	1477	1484	1467
Secretariat/portfolio	1.95%	1.87%	1.74%	1.80%	1.75%	1.93%	2.07%
OPEX costs/portfolio	2.50%	2.28%	2.01%	1.98%	1.98%	2.03%	2.26%

This KPI allowed for strengthened management discipline during the last Strategy period, however, may constrain Unitaid's ability to improve its efficiency and effectiveness going forward. The Secretariat is currently reviewing this KPI, as measuring efficiency against the active grant portfolio does not capture all the work being delivered by the Secretariat, such as - development of areas for intervention, landscapes, monitoring, and evaluation on grants past grant closure dates, resource mobilization or our enhanced communication efforts, etc.

<sup>5</sup> Staff resources included here are those working directly on the portfolio – additional resources to respond to the RM push in 2023 are not included.

<sup>6</sup> The portfolio for ACT-A/specified at the end of 2023 is conservative, as ACT-A/specified investments are dependent on available donor contributions. Therefore, the amount included here is limited by the funds currently available and does not reflect the pipeline that could be committed per the investment plan.

## Section VI Action requested from the FAC

The FAC is requested to review the document and endorse the proposed budget for 2023. The text of the proposed Board resolution is below:

The Executive Board approves the 2023 Operating Budget of US\$31 100 000 as presented in document Unitaid/FAC31/2022/2.

The Executive Board allocates budget for 2023 within the budget line for Governing Bodies as follows:

US\$ 265 115 to the Office of the Chair of the Executive Board;  
 US\$ 159 895 (of which US\$ 53 775 for governance travel) to the NGO Constituency;  
 US\$ 238 992 (of which US\$ 68 192 for governance travel) to the Communities Constituency;  
 US\$ 168 250 (with no budget for governance travel) to the African Countries Constituency.

The funding for the Office of the Chair shall be used for travel, staff and other office costs. The funding for the NGOs, Communities and African Countries Constituencies shall be used to fund their respective proposals, including travel to Unitaid Committee and Board meetings.

The Executive Board authorizes the Secretariat to sign funding agreements with each of the organizations designated by the NGOs, the Communities and the African Countries Constituencies to receive and administer the funds on their behalf.

The Executive Board approves the additional budget request for resource mobilization in 2023 of US\$ 1 300 000 as presented in Appendix I in document Unitaid/FAC31/2022/2.

The Executive Board further authorizes the Secretariat to manage revolving funds up to the following limits:

Monitoring & Evaluation and External Verification Agent (EVA)	US\$ 2 000 000
Special Engagements	US\$ 300 000
Project Preparation Facility	US\$ 2 000 000

The Secretariat is requested to report actual expenditure against these revolving funds on an annual basis.



## Section VII ACT-A funding

Funding for ACT-A partners is managed according to the mechanisms and governance regulations of each individual partner. Funds received by Unitaid for the ACT-A initiative incur an overhead recovery rate from donors between 2 to 7% of the contribution which will allow the Secretariat to cover incremental costs for required staff resources to support.

The overall contributions attributed overhead cost recovery (OCR) for ACT-A as of 30 September 2022 are as follows:

**Table 11. Summary of OCR from contributions received for ACT-A projects (2020-2022)**

Donor	Contribution	% OCR	OCR in US\$
Canada	CAD 60 M	7%	3,267,155
France	EUR 40 M	2%	937,710
Germany	EUR 35 M	7%	2,753,255
Italy	EUR 1 M	7%	79,455
Japan	USD 9.3 M	2%	186,940
Korea	USD 1 M	2%	20,000
Norway	NOK 490 M	2%	1,101,585
Portugal	EUR 116 k	7%	9,920
Spain	EUR 2 M	2%	45,400
<b>Forecast</b>			<b>8,401,420</b>

The staff designated as ACT-A resources are focused on providing surge support to the core grant management functions (Program Division, Strategy, Finance, Results and Legal) in managing the new ACT-A grants and the impact COVID-19 has had on the existing portfolio. A small number of posts are for core support functions reflecting the increased intensity of activity in these areas.

The ACT-A funded RM support is necessary to bolster the current resource mobilization team of 2.5 FTE as per the approved staff plan, additional detail is available in Appendix I.

As of 30 September 2022, the remaining available balance of the confirmed ACT-A contributions from donors will be as follows:

**Table 12. Update on use of ACT-A funded resources (2021-2023)**

<b>Available ACT-A resources</b>	<b>8.4</b>
Actual ACT-A funded staff costs in 2021	(1.3)
Actual ACT-A funded consulting in 2021	(0.9)
<b>Available at end of 2021</b>	<b>6.2</b>
Forecasted ACT-A funded staff costs in 2022	(2.0)
Forecasted ACT-A funded consulting in 2022	(1.3)
<b>Forecasted available for 2023</b>	<b>2.9</b>
Budgeted ACT-A funded staff costs	(2.1)
Budgeted ACT-A funded RM support	(0.8)
<b>Remaining available</b>	<b>-</b>

## Appendix I: 2023 Additional request for Resource Mobilization efforts (1/2)

The Secretariat believes it is critically important to take deliberate and specific measures to mitigate the impacts of the funding situation on Unitaid's investment pipeline and ensure that it remains well placed to deliver on its 2023-2027 Strategy. The implementation of the Strategy will also require additional efforts to ensure that the two strategic outcomes on equitable access and partnerships for innovation are adequately and sustainably resourced. In furtherance of this goal, the Secretariat has identified the prioritization of resource mobilization and related strategic communication and advocacy efforts over the next 24 months as a critical need. It is envisaged that this prioritization will commence upon approval of a request to the FAC at the Committee meetings and will continue until the current funding situation becomes more predictable and sustainable. The Secretariat's needs are outlined below:

### Additional RM support

Intensified resource mobilization efforts to occur in two phases:

#### **Short term (over the next six months)**

- i. Conversion of resource mobilization opportunities into firm commitments.
- ii. Investment in the visibility of the work of the Secretariat with current and potential donors through strategic communication and advocacy.

#### **Medium term (between six and 24 months)**

- i. Increase investments by revisiting the current funding arrangements with existing donors to explore the possibility of additional funding.
- ii. Increase efforts in engaging emerging and prospective donors to Unitaid with the aim of broadening our funding base.
- iii. This will be accompanied by clear resource mobilization, communications and advocacy strategies together with an increased investment in strategic communications tools that clearly articulate the mission and purpose of Unitaid, situate it in the global health context while expanding on its unique value proposition.

The **cost drivers** are:

- Consultancies/activities for resources mobilization "push";
- Engaging individuals with a high profile in global health to support Unitaid's advocacy efforts; and
- Website restructure and redesign to improve accessibility, update visual identity and drive more traffic to the site.

## Appendix I: 2023 Additional request for Resource Mobilization efforts (2/2)

In order to support this intensified work, consultancy/temporary staff resources will also be required which for 2023 will be funded through a portion of the remaining ACT-A available funds.

The anticipated need is for:

- 2 mid to senior-level technical posts:
  - One focused on resource mobilization including the identification of emerging sources of funding and coordinating the engagement
  - One focused on strategic communications and advocacy required to complement a successful resource mobilization effort
- 1-2 junior to mid-level technical posts to support the development of concrete, actionable opportunities for Unitaid in the areas outlined above.

The Secretariat will need to begin sourcing personnel (either through consultants or temporary staff contracts) as soon as possible. This need is envisaged until the current funding situation becomes more predictable and sustainable.

**Table 13. Total additional budget request for resource mobilization efforts in 2023**

Additional budget request for intensified RM efforts	1.3
ACT-A funded consultants/temporary staff	0.8
	<b>2.1</b>

### Specific request made by Secretariat to the FAC

In order to appropriately resource its activities in this area, the Secretariat requests an incremental US\$ 1.3 million budget for resource mobilization, strategic communications and advocacy in 2023. The Secretariat also has remaining ACT-A surge support funding with which we can fund up to four resource mobilization specific and related personnel to support the implementation of the resource mobilization strategy.

## Appendix II: 2023 Requested Budget allocated by Strategic Objectives (1/4)

At the 29th FAC committee meeting in May 2022, the Secretariat agreed to provide a breakdown of the 2023 budget request by strategic objectives (SOs). This reflects the current level of dedicated effort against these SOs. After the adoption of the new strategy in June 2022, Secretariat workstreams looked at actions needed to operationalise the new strategy. Much of this work will feed into the functional review (due to be completed in Q1 of 2023) to ensure that the allocation of resources is weighted correctly across the three objectives in the strategic plan. Table 2 that follows provides a preliminary view.

As highlighted in Unitaid's Strategy 2023-2027 on page 31, the three strategic objectives will continue to guide our work and investments, now stated explicitly as seen Figure A1 below. Creating systematic conditions for sustainable, equitable access (SO2) and fostering inclusive demand-driven partnerships for innovation (SO3) are necessary conditions for Unitaid to achieve accelerated introduction and adoption of key health products (SO1).

Figure A1 Strategic objectives of 2023-2027 Strategy



## Appendix II: 2023 Requested Budget allocated by Strategic Objectives (2/4)

SO1 is the main driver of Unitaid’s work and our portfolio as evidenced in our pipeline for investments in products as set out in the investment plan.

SO2 relates to establishing an enabling environment for access with a particular emphasis on regional and domestic manufacturing; innovative supply models; work on intellectual property (IP) and regulatory systems; and thought leadership on access through knowledge and evidence generation. SO3 builds on important progress over the last strategic period on developing demand-driven partnerships for innovation across multiple stakeholders. Pursuing this objective will comprise, in particular, increased efforts to invest in and build better and more sustainable country- and community-driven programmes and products. This will include a diversification of Unitaid’s implementers to ensure we partner with more institutions from the Global South.

Our most common type of partnerships (to date) included in SO3 are those with our implementing partners at the grant level, and although mentioned as a discrete objective, cut across all our investments, making our work in this area less straightforward to allocate across resources. A concrete example of this is Unitaid’s potential collaboration with the Global Fund on future work in vector control – and although initially SO3 work, upon grant signing the investment would be allocated to SO1. Dedicated resources at the organizational level for overarching coordination within our grant portfolio, as well as an assumption of overall project team time investment has been included in SO3 as part of our baseline analysis.

With 2023 being a transitional year as Unitaid implements the next five-year strategy this provides a baseline for the level of effort across the three objectives as relates to the operating budget resources as well as our investments going into 2023. The functional review will further inform how we should be organizing our work across these, and we anticipate a degree of resource redeployment to optimally deliver on these objectives. The 2024 budget will be based on our funding situation as well as the potential new activities within SO2 and SO3 to which resource needs would have to adapt across those areas.

To arrive at this the Secretariat reviewed its current staff plan and assigned a % weighting across each of the SO’s according to time invested, including an “indirect” category to capture business services and human resources functions. The resulting allocation key was as follows:

**Table A1. Allocation key across SOs**

SO1	SO2	SO3	Indirect	Total
60%	15%	15%	10%	100%

## Appendix II: 2023 Requested Budget allocated by Strategic Objectives (3/4)

This allocation key was then extended across Secretariat, Governing Bodies, Grants (non-disbursement), BDMI and SDIS budget categories the outcome of which is in Table A2 below.

**Table A2. High-level view of the 2023 proposed operating budget allocated across strategic objectives**

<i>In millions of US dollars (small differences due to rounding)</i>	<b>2023 proposed budget</b>	<b>SO1</b>	<b>SO2</b>	<b>SO3</b>	<b>Indirect</b>	<b>Total</b>
Secretariat – 93 staff plan	22.6	13.6	3.4	3.4	2.2	22.6
Secretariat – activities	3.2	1.9	0.5	0.5	0.3	3.2
Secretariat - fixed	25.8	15.5	3.9	3.9	2.5	25.8
Secretariat - variable	2.5	1.5	0.4	0.4	0.2	2.5
<b>Total Secretariat</b>	<b>28.3</b>	<b>17.0</b>	<b>4.3</b>	<b>4.3</b>	<b>2.7</b>	<b>28.3</b>
Governing Bodies	1.2	0.8	0.2	0.2	-	1.2
Grants (non-disb)	0.6	0.4	0.1	0.1	-	0.6
BDMI	0.4	0.2	0.1	0.1	-	0.4
SDIS	0.6	0.4	0.1	0.1	-	0.6
<b>Other Operating</b>	<b>2.8</b>	<b>1.8</b>	<b>0.5</b>	<b>0.5</b>	<b>-</b>	<b>2.8</b>
<b>Total OPEX</b>	<b>31.1</b>	<b>18.8</b>	<b>4.8</b>	<b>4.8</b>	<b>2.7</b>	<b>31.1</b>
<b>Additional RM efforts</b>	<b>1.3</b>	<b>0.8</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>1.3</b>
<b>% OPEX and additional RM efforts</b>		<b>60%</b>	<b>15%</b>	<b>15%</b>	<b>10%</b>	<b>100%</b>

Similarly, the investment pipelines are allocated across SOs in Tables A3 and A4 below.

**Table A3. 2023 Investment Pipeline allocated across SOs**

<i>In millions of US dollars</i>	<b>2023 pipeline</b>	<b>SO1</b>	<b>SO2</b>	<b>SO3</b>	<b>Total</b>
Intellectual property	23.5	-	23.5	-	23.5
Malaria: artemisinin resistance	30.0	20	5	5	30.0
HIV prevention: long-acting cabotegravir	10.0	6	2	2	10.0
Cervical cancer: self-collection & screening	30.0	25	3	2-	30.0
Long-acting: product development	18.0	15	3	-	18.0
HIV: adv. HIV disease – decentralized care	18.0	18	-	-	18.0
<b>Total 2023 pipeline</b>	<b>129.5</b>	<b>84</b>	<b>36.5</b>	<b>9</b>	<b>129.5</b>
<b>% of 2023 pipeline</b>		<b>65%</b>	<b>28%</b>	<b>7%</b>	<b>100%</b>

## Appendix II: 2023 Requested Budget allocated by Strategic Objectives (4/4)

Table A4. 2024 Investment Pipeline allocated across SOs

<i>In millions of US dollars</i>	<b>2024 pipeline</b>	<b>SO1</b>	<b>SO2</b>	<b>SO3</b>	<b>Total</b>
HIV/coinf: Triple elimination	25.0	20	2.5	2.5	25.0
Malaria – vector control	24.5	20	2.5	2	24.5
HIV: adv. HIV disease – tools for infection	20.0	15	3	2	20.0
HIV/CC mAbs, multipurpose	20.0	15	5	-	20.0
TB regimens	30.0	25	2.5	2.5	30.0
Local production	5.0	-	5	-	5.0
WHO Enabler	5.0	2	-	3	5.0
<b>Total 2024 pipeline</b>	<b>129.5</b>	<b>97</b>	<b>20.5</b>	<b>12</b>	<b>129.5</b>
<b>% of 2024 pipeline</b>		<b>75%</b>	<b>16%</b>	<b>9%</b>	<b>100%</b>

As shown in Tables A3 and A4, the evolution of the portfolio in the coming years affords opportunities for Unitaid to support SO2 and SO3 in a more deliberate way. At the same time, SO1 remains the main driver of Unitaid’s work and focus. In other words, Unitaid has a product-specific entry point to support equitable access to innovative products and models of care, complemented by systemic work and delivered through effective partnerships.