

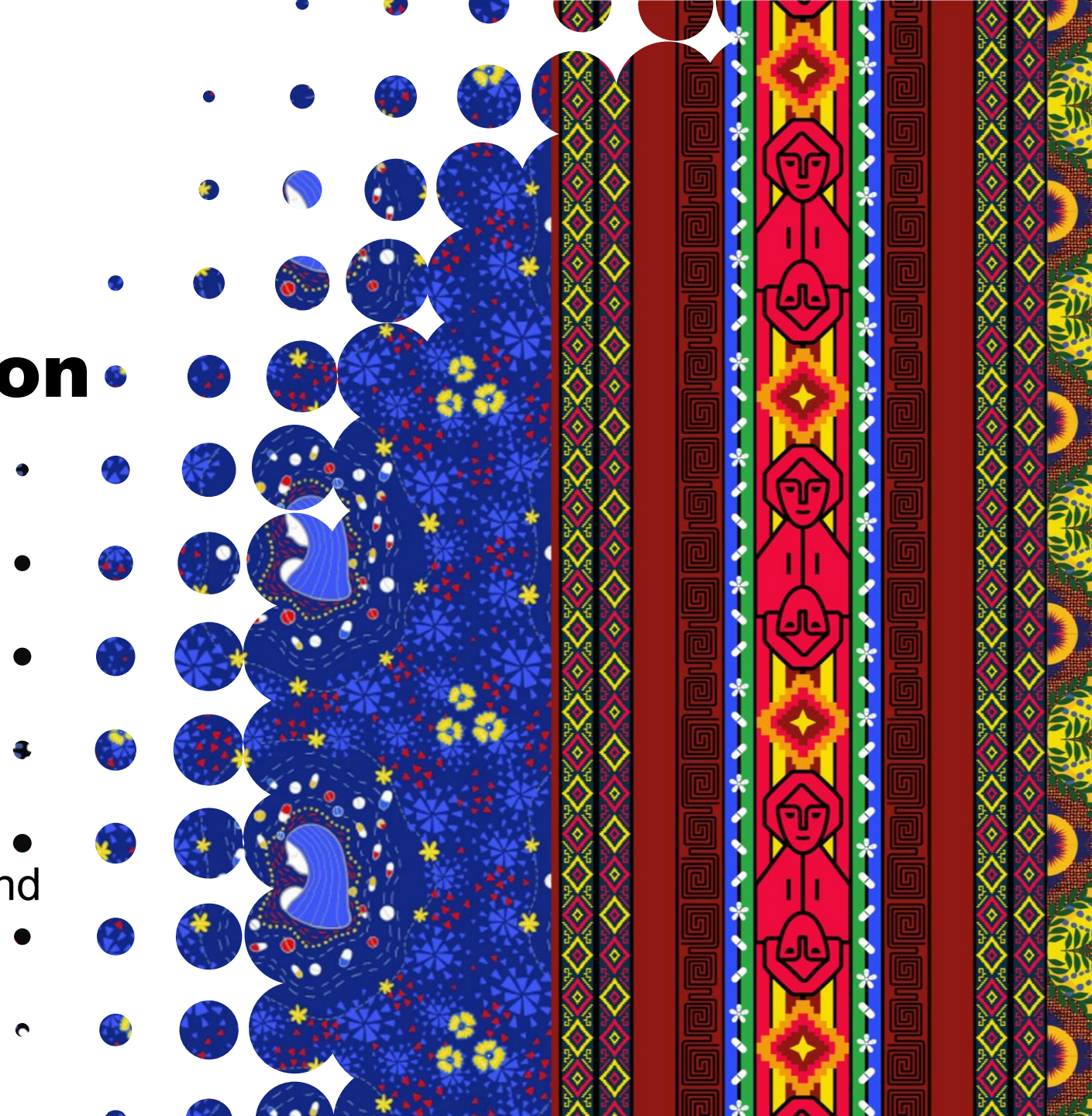
2026 – 2028 Allocation Period: Sources and Uses of Funds

54th Board Meeting

GF/B54/04B - Revision 2

12-13 February 2026, Geneva, Switzerland

For Board Decision



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

External Financing Pressures



Global ODA is tightening while multiple global health institutions conducted replenishments in 2025, increasing demand for donor resources and requiring strategic prioritization, partnerships and collaboration across organizations.

Pledge & Fiscal Uncertainty



Political and economic volatility impacted predictability around pledge timing and conversion – amplifying the urgency of agility, complemented by robust financial safeguards to effectively strengthen strategic and operational delivery.

The Global Fund's Eighth Replenishment

Domestic Financing & Transition



Countries face growing expectations to strengthen domestic financing, transition pathways, and sustainability planning – within a tight fiscal space and high ambitions to sustain the programmatic gains.

Need for Agile Planning and Budgeting



An evolved funding landscape requires more dynamic financial forward tools that balance predictability with agility, enabling rapid prioritization decisions that are adaptable as new information becomes available throughout the cycle.

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.

Dynamic forward-planning leveraging “Pledge Confidence Framework” that reinforces agility, risk-based decisions, and prioritization



Strengthening Agility to Manage Pledge Uncertainty

Introducing a more flexible pledge recognition mechanism to responsibly navigate heightened pledge uncertainty that enables planning and facilitates the allocation process while maintaining fiduciary safeguards.



Leveraging Risk-Based Decision-Making to Maximize Outcomes

Shifting toward risk-calibrated decision-making, guiding trade-off assessment and prioritization, ensuring balance between manageable risk and maximizing country outcomes, supported by extensive Secretariat collaboration.



Embedding Dynamic, Scenario-Driven Forward Planning

Strengthening forward planning through dynamic, scenario-driven financial pathways that support readiness as information evolves and ensure coherent sequencing of decisions across cycles. As reflected in the rapid execution of the GC7 reprioritization and proactive OD program in anticipation of a lower envelope.

Grounded in a Proven Delivery Model

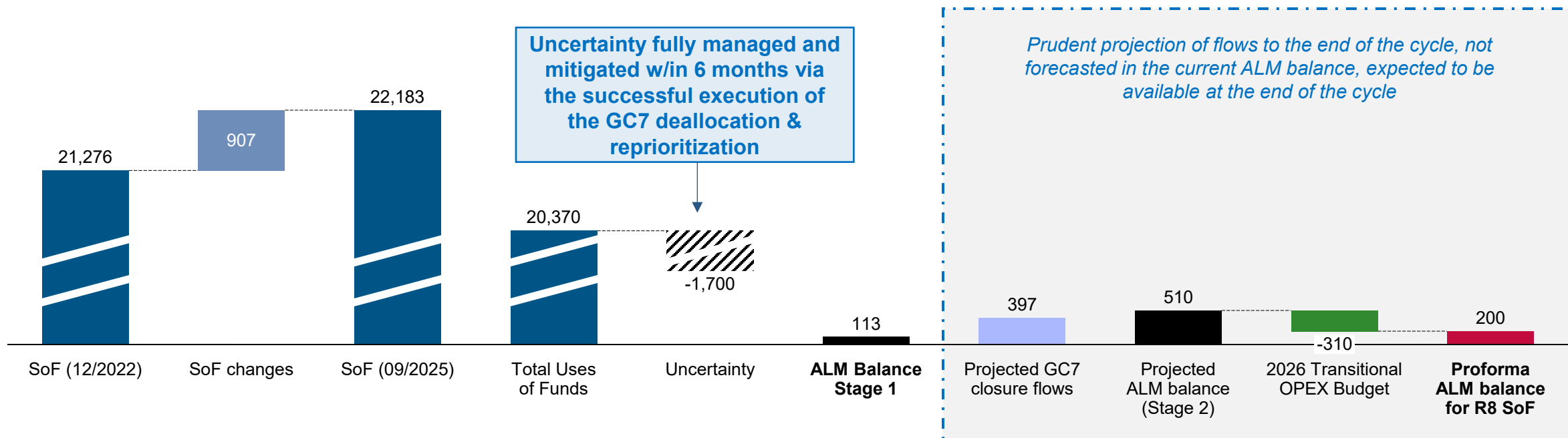
These strategic shifts are grounded in proven financial management and governance frameworks that respect and protect the CFP, while enabling more agile and responsible decision-making. Recent experience — including the rapid execution of the GC7 Reprioritization — demonstrates the organization’s ability to execute effectively and manage uncertainty with confidence.

Closing ALM balance forecast for GC7 enables the integration of the 2026 Transitional OPEX Budget and carry-over of US\$200M

Overall ALM until the 7th Replenishment

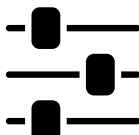
Amounts in US\$ millions at reference rate, actuals to 30 September 2025

ALM Balances – incl. 7th Replenishment



- ✓ Evolution of Asset and Liability Management (ALM) factoring SoF uncertainty and related mitigations in uses of funds, provides a flexible financial mechanism that allow for responsible planning while maintaining rigorous fiduciary safeguards.
- ✓ The GC7 Reprioritization demonstrates the strength and agility of our ALM model and was delivered following a two-step process: temporary withholdings across all grants (an immediate financial safeguard) while grant-level budget revisions were completed (ensuring programmatic alignment). The \$1.4Bn deallocation has been fully completed and integrated into budgets.

SoF Summary: A successful R8 outcome sets the stage for prioritized SoF decisions and GC8 risk-based forward planning



Replenishment Outcome

Successful operationalization of the Pledge Confidence mechanism

Management tool to integrate uncertainty (Pledge Confidence) drove agility in the announcement while integrating safeguards for forward planning and resource allocation.

Continuing efforts to secure pledges - US\$11.340Bn on 21 November 25, reaching a proposed \$12.643Bn to date (country allocation \$10.783Bn).

Pledge quality increased significantly (95% in R8 vs. 86% in R7).

SoF Scenarios

Progressive pathway to develop SoF recommendation and GC8 planning

SoF scenarios have been dynamically and progressively managed since the Replenishment to facilitate risk-based forward planning, maximize country outcomes, and arrive at the AFC recommendation.

The final proposal for Board Decision is:

SoF Proposal:

R8 pledges = \$12.643Bn, country allocation = \$10.783Bn

Key Trade-off Decisions

Critical trade-offs to balance a reduced envelope with sustained delivery

Key resource allocation decisions for GC8 include:

1. Carryover:
\$0.200Bn
(R7=\$0.250Bn)

2. Overallocation:
2.5%
(R7=5.0%)

3. Earmarked Funding¹ and Catalytic
\$0.804Bn²

4. Country Allocation
\$10.783Bn

5. 3-yr Opex ('27-'29): \$0.930Bn

Next Steps

Operational pathway to mitigate uncertainty

- Introduction of PCF translated in proactive risk-based decision at **97-98% accuracy**
- March 2026 withholding provision applied aligned with language included in allocation letters
- By Q1 2027 decisions taking on potentially required withholding and deallocation provisions

PCF principles integrated into ALM management, which will continue to be dynamically monitored and measured.



1. Earmarked funding comprised of Private Sector investment to Catalytic Investment priority areas (\$306.3M), Debt2Health (\$116.7M) and an unassigned component of \$121.2M.
2. The unassigned earmarked funding of \$121.2M has been integrated and this amount may be used for CIs or other Board approved priorities pending donor confirmation.

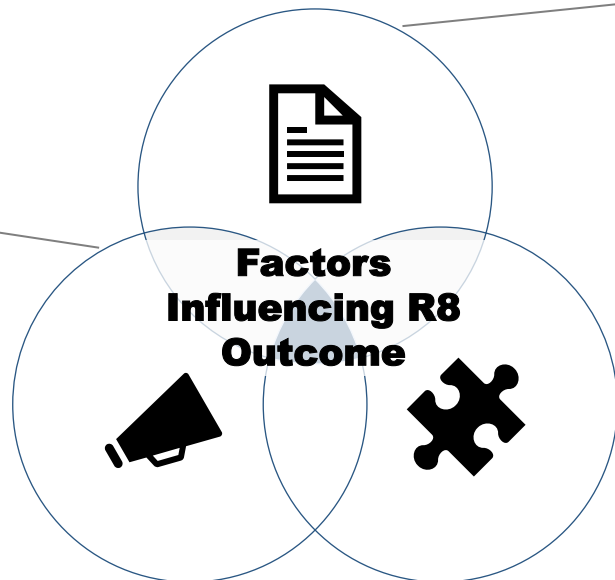
Proposed pledges for Sources of Funds is within the AFC-endorsed margin of error with established pathway for uncertainty mitigation

At AFC29B, the AFC approved a decision for country allocations based on a likely outcome. Figures submitted for Board decision integrates the latest available information. Key updates include the following:

1 Changes to the Pledges

Net reduction in pledges of US\$-205.3M including changes to:

- Announced Pledges: US\$ -248.8M
- Pledge Adjustments: US\$ +43.5M



2 Increases to Earmarked Funds

Changes impacting US\$114M earmarking resulting from changes in:

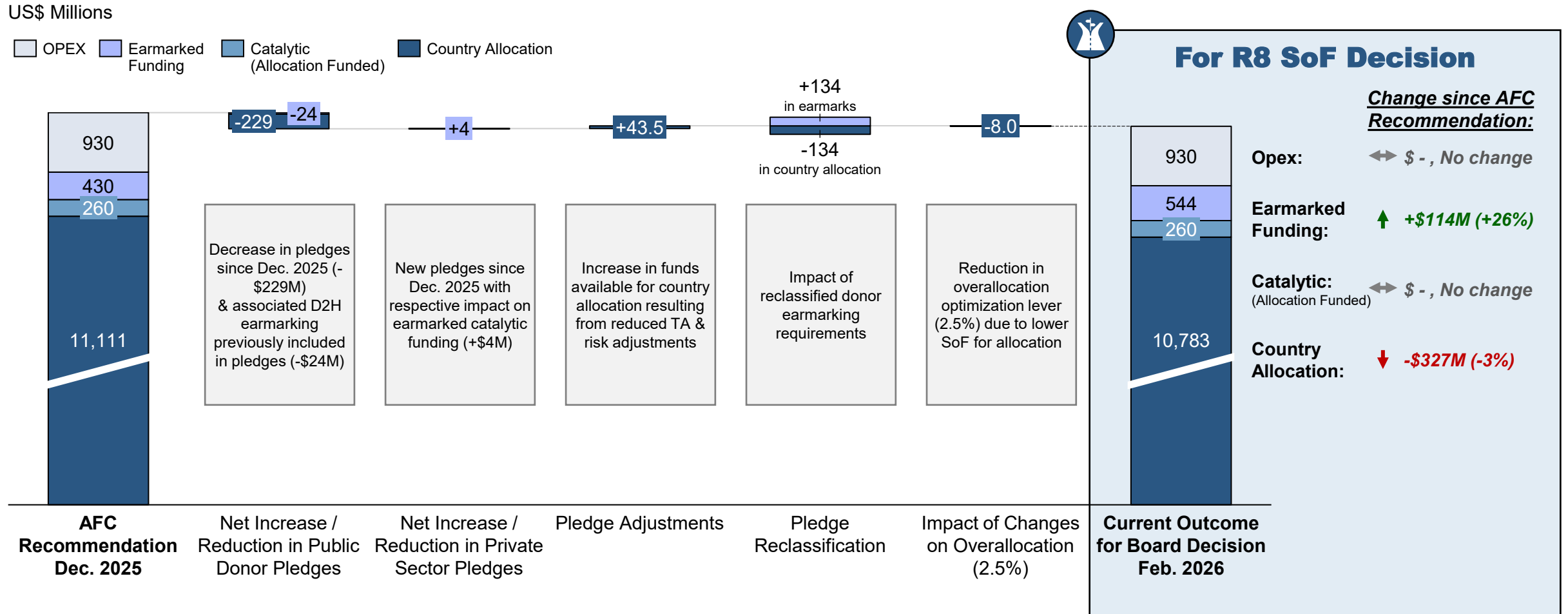
- Reclassification: US\$ + 133.7M
- Pledge changes: US\$ -19.7M

3 Ongoing Uncertainty (C3 Pledges)

C3 Pledges are maintained for US\$ 144M (1% of total announced pledges), for which an operational pathway is established to mitigate any uncertainty risks by Q1 2027

R8 Sources of Funds (SoF) evolution since AFC29B resulted in **-\$327M** for country allocations and **+\$114M** in earmarked funding

Evolution of Sources of Funds for Board Decision since AFC 29B



Impact assessment of new information indicates only PS Catalytic earmarking outside of the 10% MOE since AFC endorsement

SoF Decision Point

- 1 Announced Pledge >
- 2 Adjusted Pledge >
- 3 Carryover >
- 4 Overallocation >
- 5 Earmarked Funds & Catalytic >
- 6 3-yr Opex Envelope 2027-2029 >

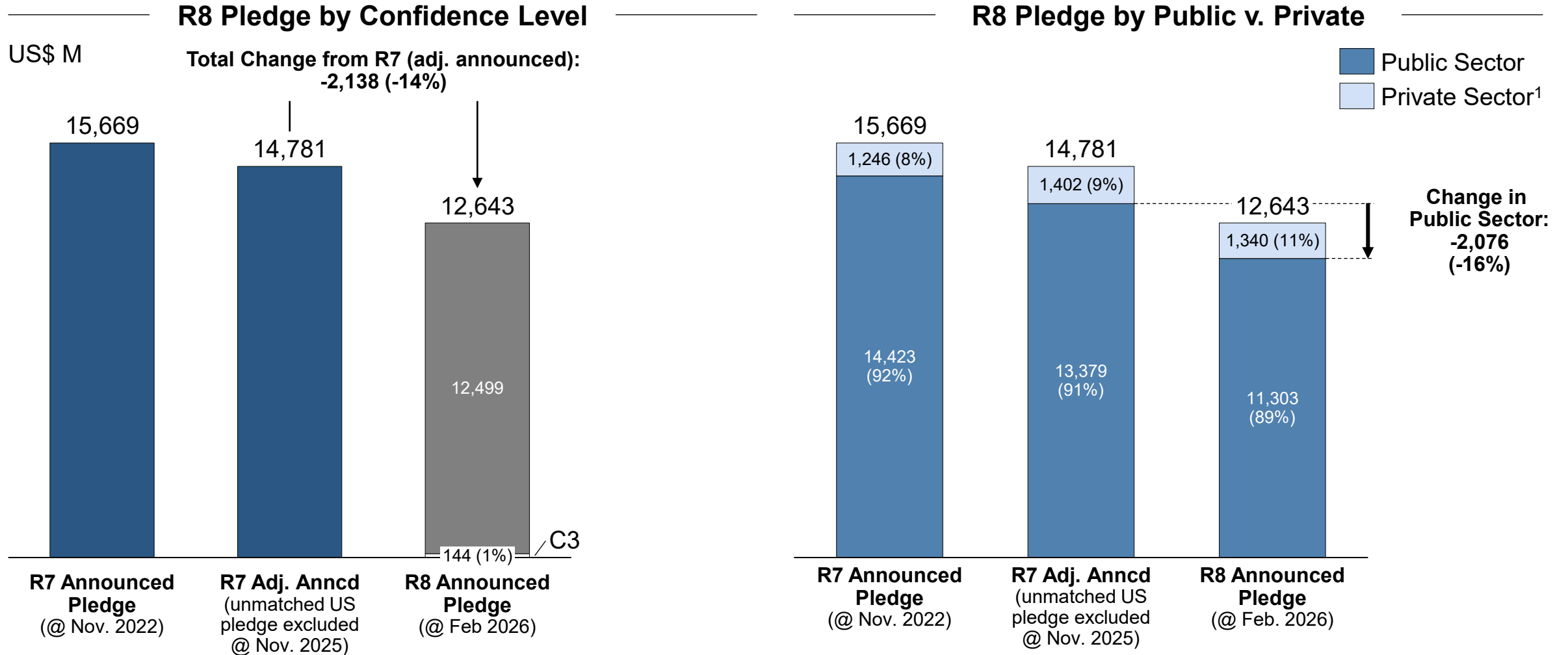
SoF Decision Point	AFC Recommended Amount <i>(Likely Outcome at AFC 29B)</i>	Impact <i>(since AFC 29B)</i>	Recommended for Board Approval
1 Announced Pledge	\$12.892Bn	<input checked="" type="checkbox"/> (-2%)	\$12.643Bn
2 Adjusted Pledge	\$12.260Bn	<input checked="" type="checkbox"/> (-2%)	\$12.055Bn
3 Carryover	\$0.200Bn	<input checked="" type="checkbox"/> (unchanged)	\$0.200Bn
4 Overallocation	2.5% (\$0.271Bn)	<input checked="" type="checkbox"/> (-3%)	2.5% (\$0.263Bn)
5 Earmarked Funds & Catalytic	\$0.690Bn <i>Catalytic (Allocation): \$0.260Bn, PS Earmarked: \$0.290Bn, D2H: \$0.140Bn</i>	<input checked="" type="checkbox"/> (+17%)	\$0.804Bn <i>Catalytic (Allocation): \$0.260Bn, PS Earmarked: \$0.428Bn, D2H: \$0.117Bn</i>
6 3-yr Opex Envelope 2027-2029	\$0.930Bn	<input checked="" type="checkbox"/> (unchanged)	\$0.930Bn
	Country Allocations: \$11.111Bn	<input checked="" type="checkbox"/> (-3%)	Country Allocations: \$10.783Bn

= W/in 10% margin of error
 = Outside 10% MoE

Key Highlights

- New information has been assessed against the AFC-approved *likely outcome* and ±10% margin of error (MOE).
- Updates to announced pledges result in a net reduction of -\$249M (-2%) that remains within MoE.
- **Increased earmarked and catalytic funds represent the only change outside the margin of error, driven by an increase in private sector earmarked funding.**

Total anncd pledges for SoF is -14% against R7 Adjusted amounts

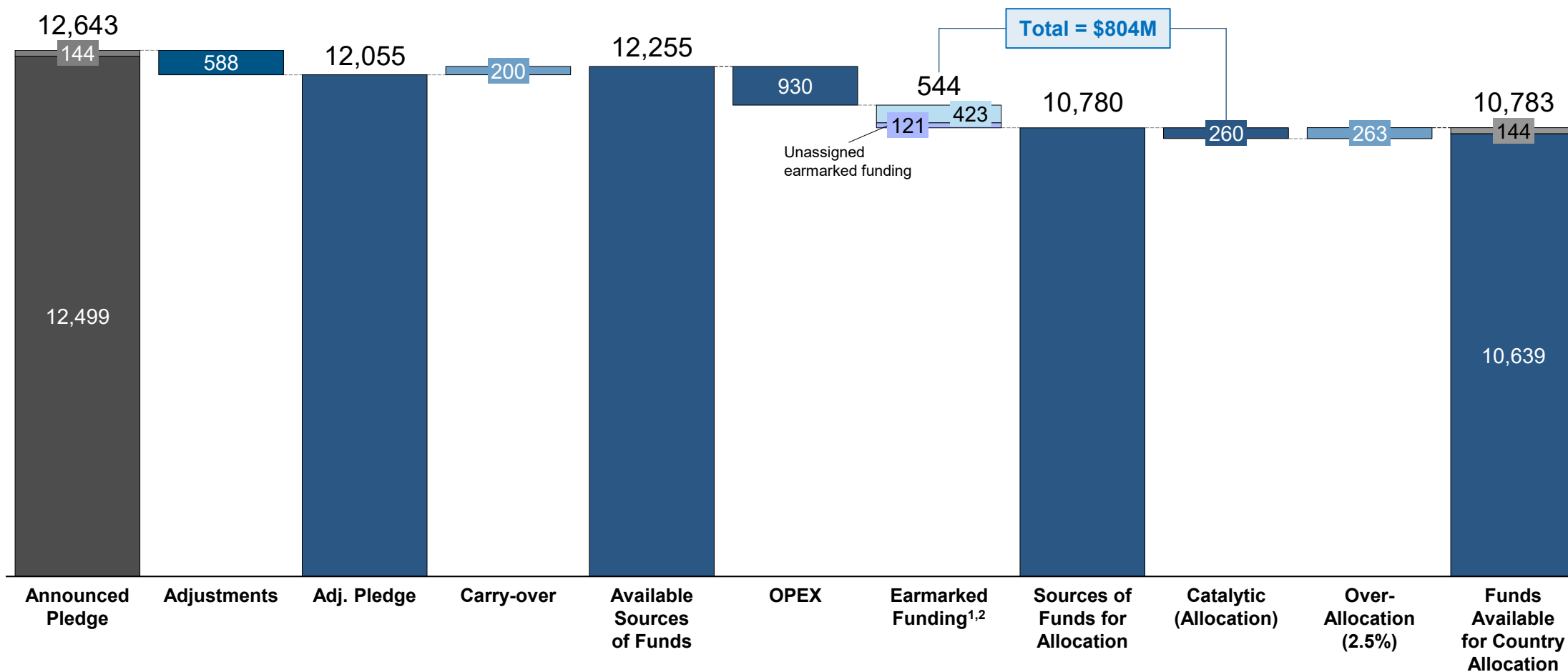


1. R8 Private Sector includes earmarked funding of \$428M to Catalytic Investment priority areas (\$306.3M), and an unassigned component of \$121.2M which may be used for board approved priorities pending donor confirmation

R8 total pledges proposed at \$12.643Bn, resulting in funds available for country allocation of \$10.783Bn

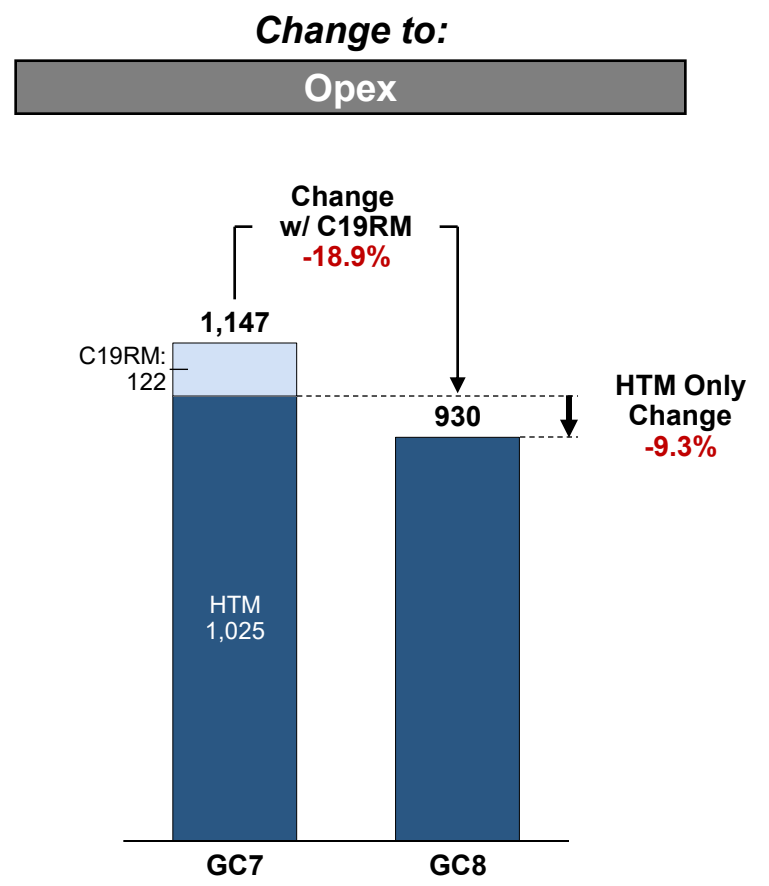
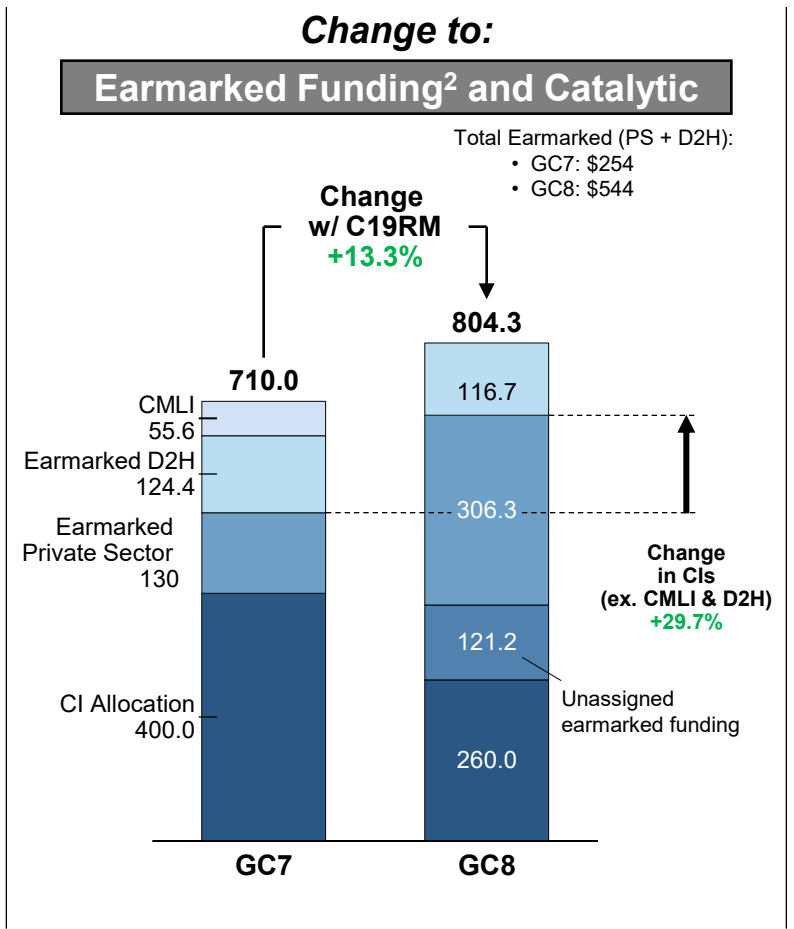
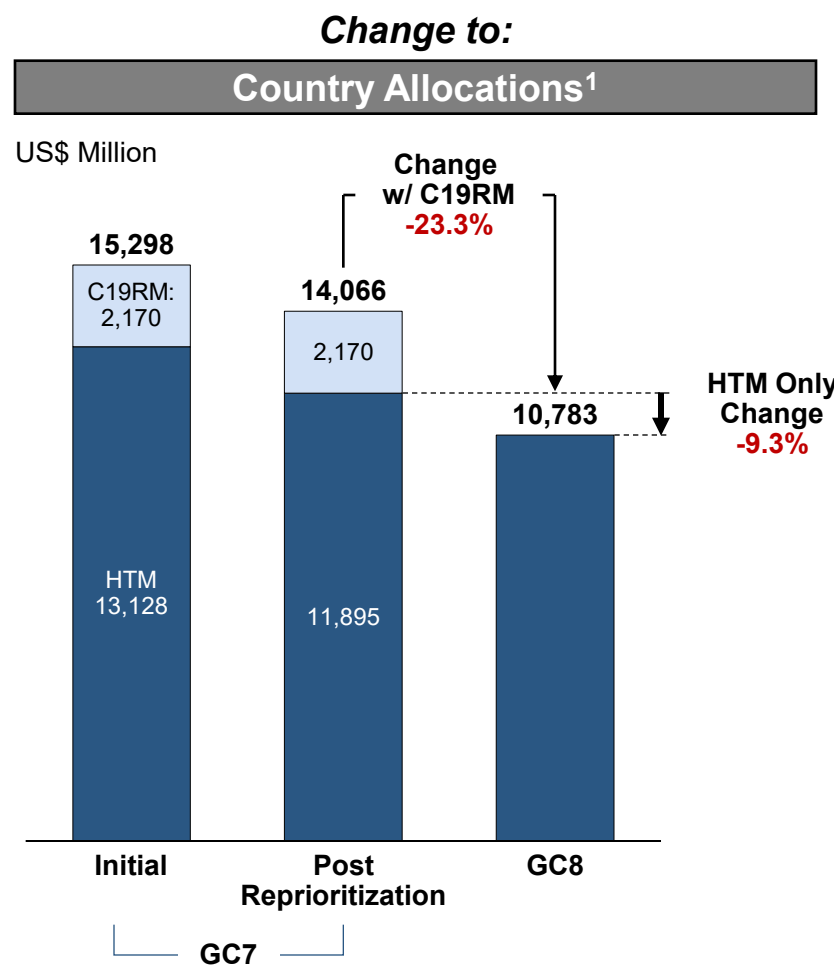
The integration of an anticipated pledge in the cascade is sufficiently mitigated by a deallocation provision in the allocation letters and will be applicable for other uses of funds (e.g. Opex and CIs)

US\$ Millions



1. Earmarked funding comprised of Private Sector investment to catalytic investment priority areas (\$306.3M), Debt2Health (\$116.7M) and an unassigned component of \$121.2M.
 2. The unassigned earmarked funding of \$121.2M has been integrated and this amount may be used for CIs or other Board approved priorities pending donor confirmation.


Significant increase (~+30%) in Earmarked Funding & Catalytic, with Country allocations and Opex reducing by -9.3% respectively



Notes:

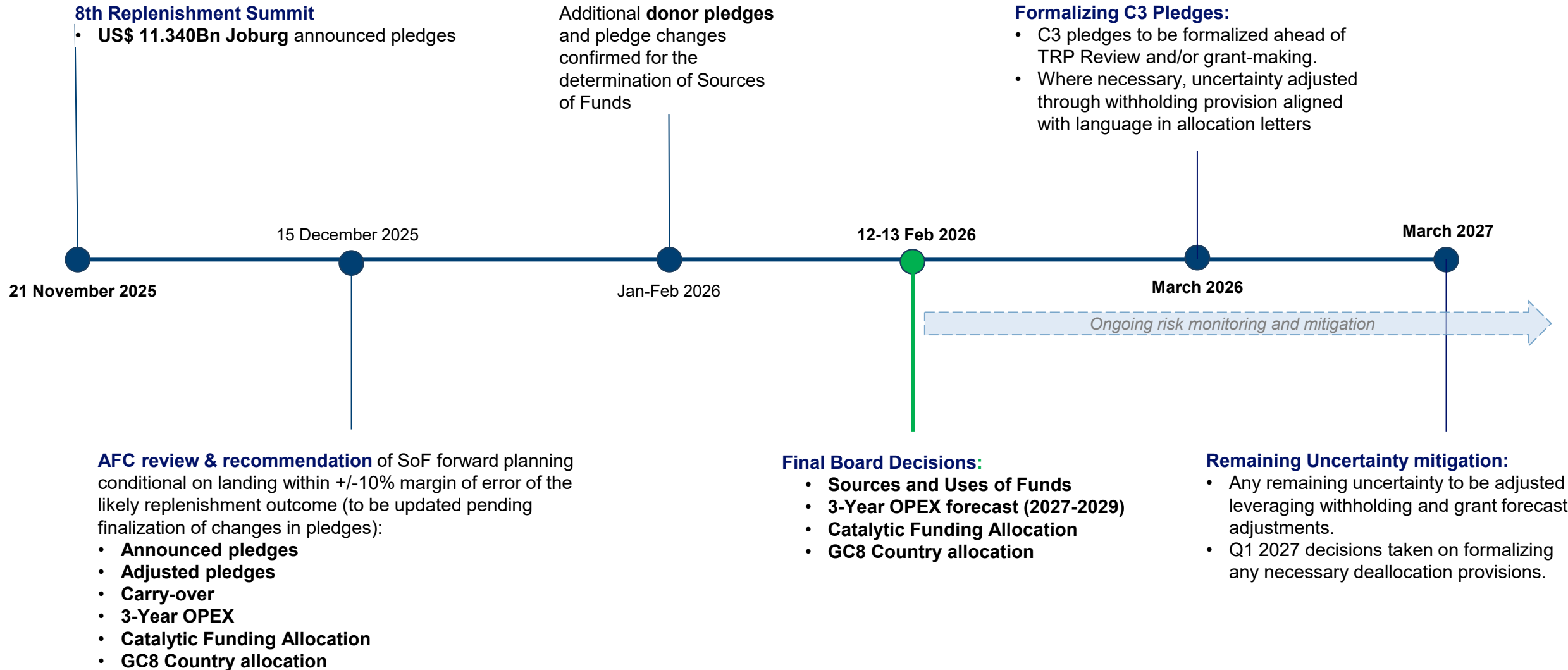
1. C19RM implementation spans both Grant Cycle 6 and Grant Cycle 7. C19RM amounts shown are those attributable to Grant Cycle 7 implementation period only. Budget for GC7 Reprioritization was \$13.3B and higher than initial GC7 country allocation as it included other investments (CI, D2H, EF etc.) that had previously been integrated into grant budgets following initial country allocation.

Key SoF decisions to balance resource constraints with sustained strategic delivery for the next cycle (GC8)

SoF Decision Point	Recommended Amount (Outcome)	Trade-offs & Considerations
1 Carryover	\$0.200Bn <i>GC7 = \$0.250Bn</i>	<ul style="list-style-type: none"> Reflects efficient resource utilization across GC7 to maximize impact, after all optimization levers activated (investment income, RSSH rebalancing, etc.). Represents the maximum prudent carryover given GC7 Uses of Funds and integration of the 2026 Transitional Opex.
2 Overallocation	2.5% <i>GC7 = 5.0%</i>	<ul style="list-style-type: none"> Overallocation remains an effective tool for Country Planning and lever for ALM optimization but must be applied prudently given the smaller GC8 country allocation which could lead to potentially higher absorption. The recommended level (2.5%) is financially manageable, balancing additional allocatable resources for countries with prudent risk tolerance in a constrained envelope.
3 Catalytic & Debt2Health	\$0.804Bn <i>Private Sector Earmarked: \$0.428Bn (+228% from GC7), Allocation Catalytic: \$0.260Bn (-35.0%), D2H: \$0.117Bn (-6.1%)</i>	<ul style="list-style-type: none"> Increase driven primarily by earmarked contributions (+228% from GC7) reflecting record private sector mobilization but funds which are not available for country allocation. Allocation-funded Catalytic Investments decline materially, while Debt2Health is integrated separately as a complementary sustainability financing instrument.
4 3-yr Opex Envelope 2027-2029	\$0.930Bn <i>-9.3% from GC7 (\$1.025Bn)</i>	<ul style="list-style-type: none"> Returns to GC6 nominal levels, but real purchasing power constrained due to inflationary and FX impacts, which raise the effective cost of operations. Wind down of C19RM mechanism in 2026 including all related Secretariat resources Strategic trade-off, liability management, and prioritization will be critical in adapting the operational delivery model given the macroeconomic impact on Opex.
 <p>Country Allocations: \$10.783 Bn</p>		

2026-28 Sources of Funds decision making process & timelines

Pledges are managed in a dynamic manner up to the **Board Decision** with optimal flexibility to maximize *available sources of funds for allocation & strategic planning*.



THE GLOBAL FUND'S
**EIGHTH
REPLENISHMENT
SUMMIT**



Shaping the Next Cycle...



Strength of the Partnership

Leverage our strengths to shape the next cycle—anchored in trust, strengthened collaboration, solidarity and shared accountability with country stakeholders, communities and those most vulnerable at the center.



Strategic Focus

Maximize pledges and available sources of funds to stabilize impact and health outcomes – in support of countries with the lowest income and the highest disease burden as a strategic priority.



Purposeful Transition

Leverage GC8 as a pragmatic bridge to unlock bold choices to remain fit for purpose with an increased focus on life-saving interventions and doubling down on efforts driving self-reliance and durable systems for effective sustainability.



Embedded Adaptability and Agility

Safeguard critical interventions and capabilities to deliver on the Global Fund partnership and mission in times of uncertainties and fiscal constraints — navigating towards a leaner structure delivering what countries need, with the resources available in the most efficient and sustainable way possible.

Thank You



The Global Fund to Fight
AIDS, Tuberculosis and Malaria

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SoF Trade-off Details



PCF Scenario and SoF Evolution – within 10% MOE for Pledge and Country allocations

All amounts in US\$ Bn

Scenario Outcome	Repl. Summit (Nov'25)	Committees (Dec'25)	Board Pre-read (Jan'26)	Board Presentation (Feb'26)	Variance (AFC » Board-Feb)
Announced Pledge					
Summit	11.340	11.340	11.340	11.340	0%
Current	11.340	11.856	11.899	12.643	7%
Likely	N.a.	12.892	12.827	12.643	-2%
Catalytic Funding, Private Sector Earmarking & D2H					
Summit	N.a.	N.a.	N.a.	N.a	N.a.
Current	N.a.	0.665	0.773	0.804	21%
Likely	N.a.	0.690	0.798	0.804	17%
Country Allocation					
Summit	N.a.	N.a	N.a	N.a	N.a.
Current	N.a.	10.182	9.954	10.783	6%
Likely	N.a.	11.111	10.934	10.783	-3%

Scenarios determined according to information available at respective reporting period

Preliminary Overview: Sources of Funds (SoF) Outcome R8 Cycle

	R7 Benchmark	R8 Summit	R8 Evolution			Recommendation
	R7 Sources of Funds Nov.2022	Joburg Outcome 10% C3	AFC29 Outcome 16% C3	Board Pre read Outcome 15% C3	Revised Board Outcome 1 1% C3	Revised Board Outcome 2 1% C3
All amounts in US\$ Bn						
Total Announced Pledges:	15.669 <i>Current, excluding US unmatched: 14.781</i>	11.340	12.892	12.885	12.643	12.643
Adjustments (TA etc.)	(1.737)	(0.524)	-0.632	-0.690	-0.618	-0.588
Adjusted pledge	13.932	10.817	12.260	12.195	12.025	12.055
Carry Over	+0.250	+0.200	0.200	0.200	0.200	0.200
Available SoF	14.182	11.017	12.460	12.395	12.225	12.255
OPEX	(1.025)	(0.800)	-0.930	-0.930	-0.930	-0.930
Earmarked Funding (PS + D2H)	(0.254)	(0.405)	-0.430	-0.538	-0.514	-0.544
SoF for Allocation	12.903	9.812	11.100	10.927	10.780	10.780
Catalytic	(0.400)	(0.260)	-0.260	-0.260	-0.260	-0.260
Over Allocation (2.5%)	+0.625	+0.239	0.271	0.267	0.263	0.263
GC8 Country Allocation (GC7 for R7):	13.128¹	9.790	11.111	10.934	10.783	10.783
GC7 Country allocation (net of Deallocation)¹	11.895	11.895	11.895	11.895	11.895	11.895
% change vs. GC7²	(9.39%)	(17.70%)	-6.60%	(8.08%)	(9.35%)	(9.35%)



¹ Budget for GC7 Reprioritization was \$13.3B and higher than initial GC7 country allocation as it included other investments (CI, D2H, EF etc.)

² The comparison is GC7 Reprioritization (11,895) against original allocation (13,128) for ease of reference

Over allocation remains an effective optimization tool, maintained at a lower level for GC8

Anticipation of there being forecasted unutilized funds on an aggregated portfolio basis during the 2026-2028 allocation period (the 8th Cycle) GF will continue to enable increased fund utilization potential and remains within the projected allocation utilization cap of 100% for SoF for Country Allocation (excl. Over allocation)

Rationale

- **Early** integration of additional funding in the grant cycle for impact
- **Complementary** to (not replacing) other efforts to increase grant spending in absolute terms
- **Consistent** with allocation utilization KPI necessarily < 100% (KPI is 90%)
- **Contributed to** increased utilization of funds for the first 18 months of implementation, improving absorption by **2%** compared to first 18 months implementation of the 6th.

Rationale for selecting 2.5% as the level of over allocation

- Current forecasted utilization ratio of 99% (7th replenishment forecast, GF/AFC29B/03B) suggests that the 5% over allocation applied in GC7 will allow for close to full utilization of available funds.
- Considering countries' absorptive capacity to fully utilize the GC8 allocation in a decreasing Sources of Funds context. Secretariat proposes a more prudent **2.5% over allocation** with prudent risk tolerance in a constrained envelope, while ensuring full utilization of available funds.

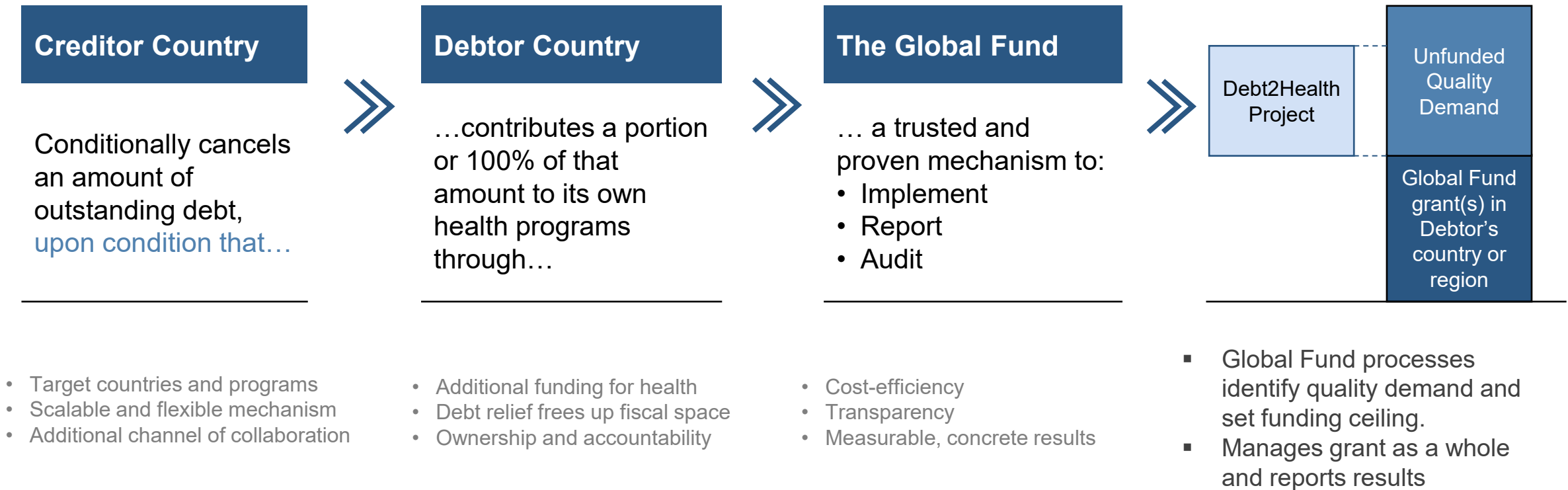
Earlier impact

Increased absorption

Lower transaction costs

Debt2Health allows countries to turn debt repayments into additional health funding through the Global Fund

Under individually negotiated “debt swap” agreements, a creditor nation foregoes repayment of a loan when the debtor nation agrees to invest part or all of the freed-up resources into a Global Fund-supported program.

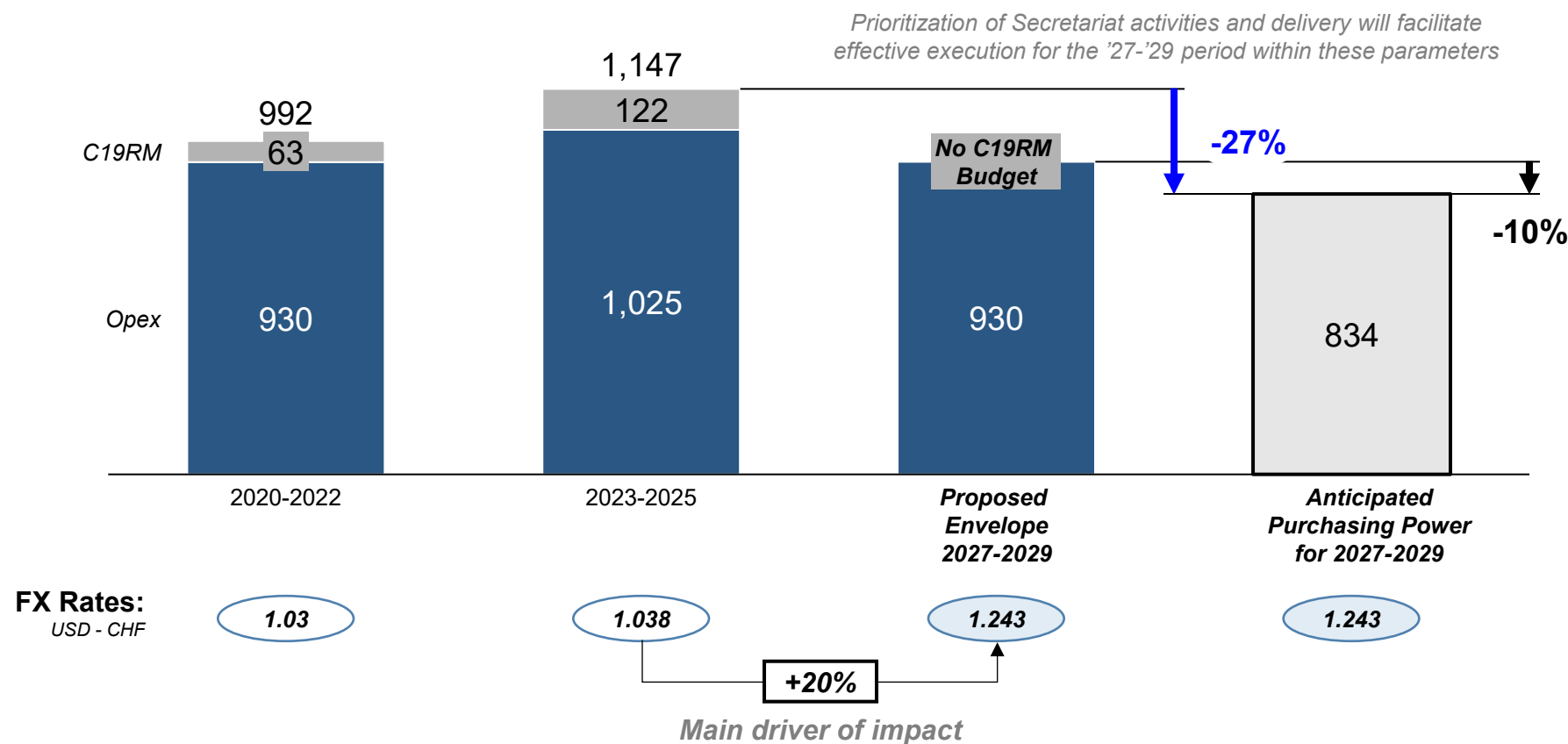


D2H Financing complements Sustainability investments through Global Fund Catalytic Investments

OPEX: Strategic trade-off and critical prioritization will facilitate optimal management given the macroeconomic impact

Proposed Aggregate Envelope for 2027-2029¹

(US\$ Mn)



- Proposed Aggregated Opex of US\$ 930M is **~10-30% lower** than previous cycles in effective operation terms based on the projected purchasing power due the CHF appreciation and exposure.
- Opex oversight** will be a dynamic within a robust optimization framework over the next 3 years given the **annual review and approval** of Opex by Governance (AFC and Board)
- Accelerated adaption of delivery model** and proactive execution of the key levers as part of the **2026 transition budget decision** will facilitate the critical trade-off and prioritization for effective organization planning for the next cycle
- 2026 Transitional Opex budget** (~310 M USD) – strategic alignment of the grant and secretariat Opex decision-making trade-off, it is excluded from comparative analysis to allow comparability between three-year cycles.

Contextual Information



AFC endorsed criteria for pledge recognition for Sources of Funds enables compliance with the Comprehensive Funding Policy (CFP)

Pledge Recognition Methodology

Dynamic factors are considered to determine the announced pledge

8th Replenishment (8R) Announced Pledge
...means the amount of donor pledges publicly announced, in the aggregate and on a per-donor basis, during or subsequent to a Replenishment Conference and related to the Replenishment Period derived from a methodology, which may include reference foreign exchange rates applied...

Donor Pledges

- Appropriately documented total amount pledged, any technical assistance, risks and other donor conditionalities.
- Accepted in any freely convertible currency¹.

Rolling Replenishment

- Donors are encouraged to pledge early; commitments made before and on the announcement date of the 8R results will count toward the total 8R announced pledges.²

AFC28 confirmed the pledge recognition methodology for the 8th Replenishment...

Key Points:

1. “8th Replenishment (8R) Announced Pledge means the amount of donor pledges **publicly announced**”
2. “Announced pledge figure must be **highly reliable**”
3. “[This figure]...**underpins the Sources of Funds (SoF)** for the cycle and informs hedging and value preservation strategies, after considering donor conditionalities and other risk factors.”

AFC28 - Approved decision point

Decision Point GF/AFC28/DP01: Approval of the methodology for the calculation of announced pledges for the 8th Replenishment

1. Based on its review and discussion of the methodology for determining the results of the 8th Replenishment, the Audit and Finance Committee (the “AFC”), in accordance with delegated authority under the Comprehensive Funding Policy, approves the following:
 - a. The Secretariat shall publish the total pledges for the Global Fund’s 8th Replenishment, as announced by the Replenishment co-hosts, using reference exchange rates defined as the spot rate of currencies other than the United States Dollar on the date of such pledge announcement.
 - b. Accordingly, the Announced Replenishment Results, which shall serve as the basis for the Global Fund Board’s determination of Sources of Funds for the 2026-2028 Allocation Period (net of certain adjustments), shall be the aggregate sum of all donor pledges for the 8th Replenishment, as announced by the Replenishment co-hosts and converted to United States Dollars using the exchange rates defined under paragraph (a) above.
 - c. Pledges received between the announcement of the 8th Replenishment pledges under paragraph (a) above and the Global Fund Board’s approval of Sources of Funds for the 2026-2028 Allocation Period, may be integrated into the Announced Replenishment Results. Where recognition of a subsequent pledge would lead to a material foreign exchange impact (e.g., more than USD 20 million impact on the Global Fund’s Asset and Liability Management, as determined by the Secretariat), the affected exchange rate may be revised to a single weighted average rate which will be used as the reference rate.
2. The capitalized terms in this Decision Point, unless defined herein, shall have the meanings given to them under the Comprehensive Funding Policy.

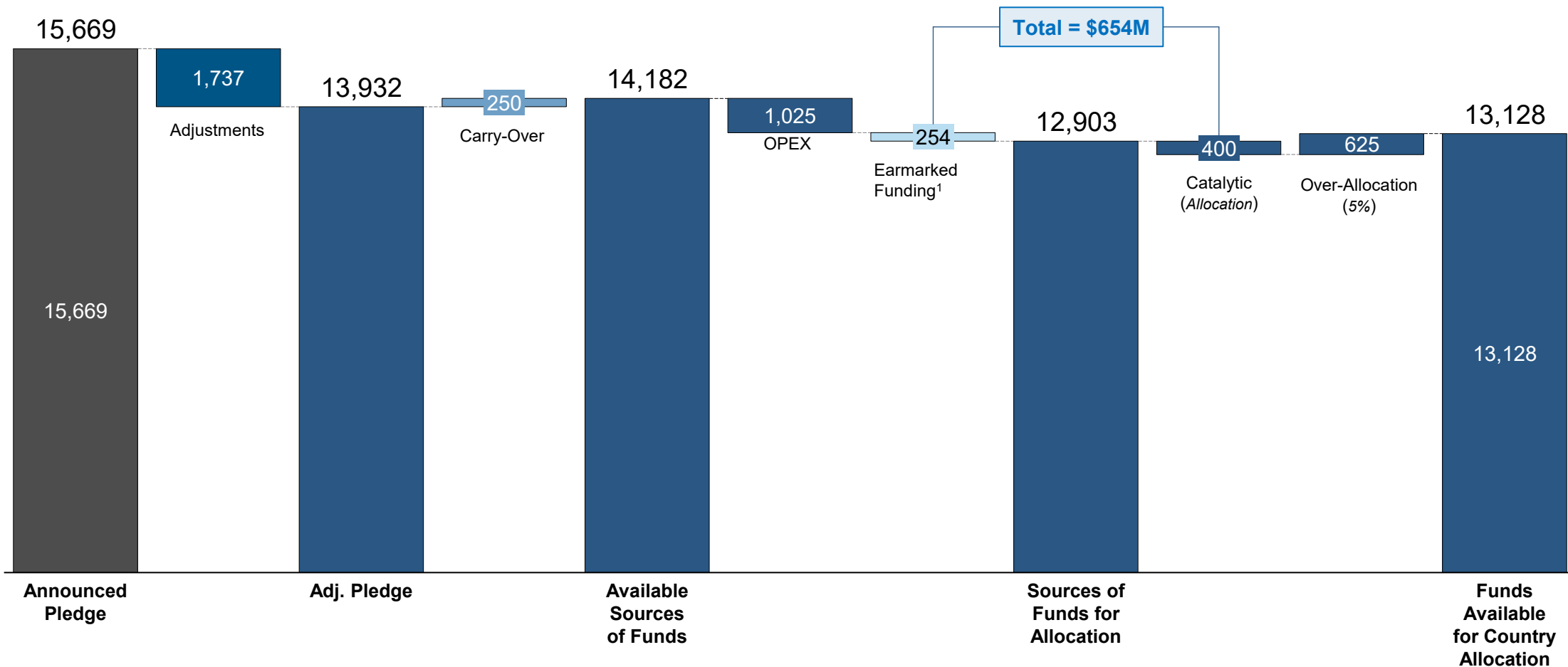
Budgetary implications: (included in OPEX budget)

THE GLOBAL FUND



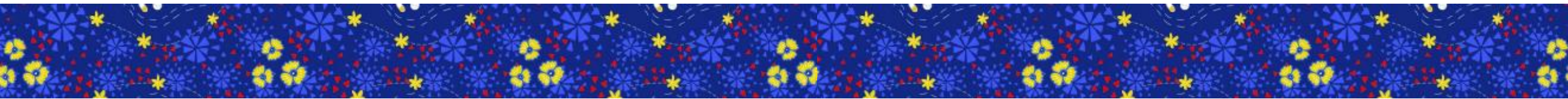
...considering the current context and uncertainty, it would be prudent to create additional flexibility in the way pledges are treated and managed.

R7 Board Decision at Nov 2022 included \$15.669Bn announced pledge, resulting in funds available for allocation of \$13.128Bn



1. Earmarked funding comprised of Private Sector earmarked funding (\$130m) and Public funding earmarked for Debt2Health (\$124), when combined with Catalytic allocation totals \$654M.

Other Financial Analysis

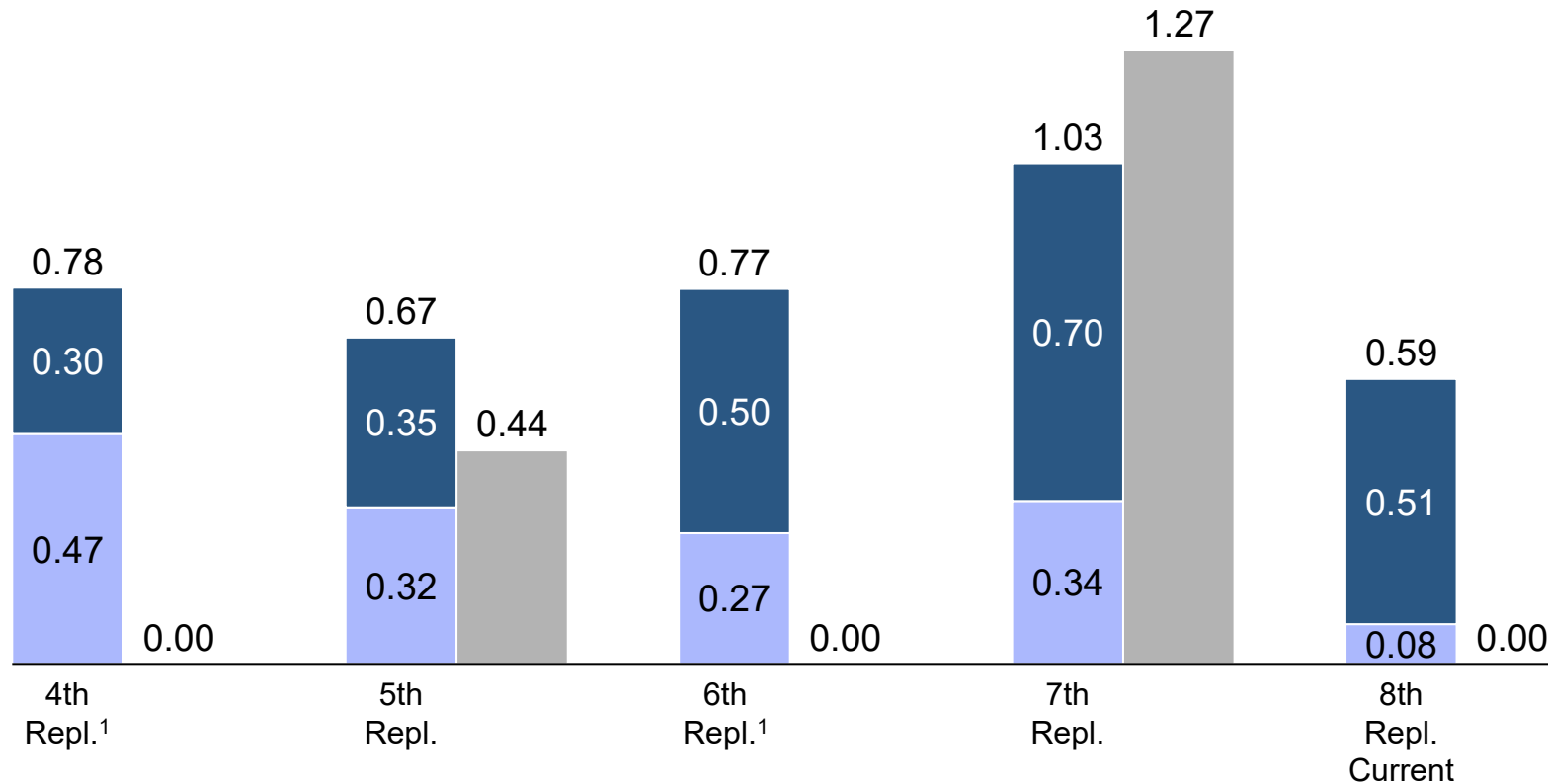


Set-aside trends continuing with increased number of donors with TA, but smaller value to date compared to GC7

US\$ Bn

PRELIMINARY

■ TA set aside ■ Risk and other adjustments ■ US un-match



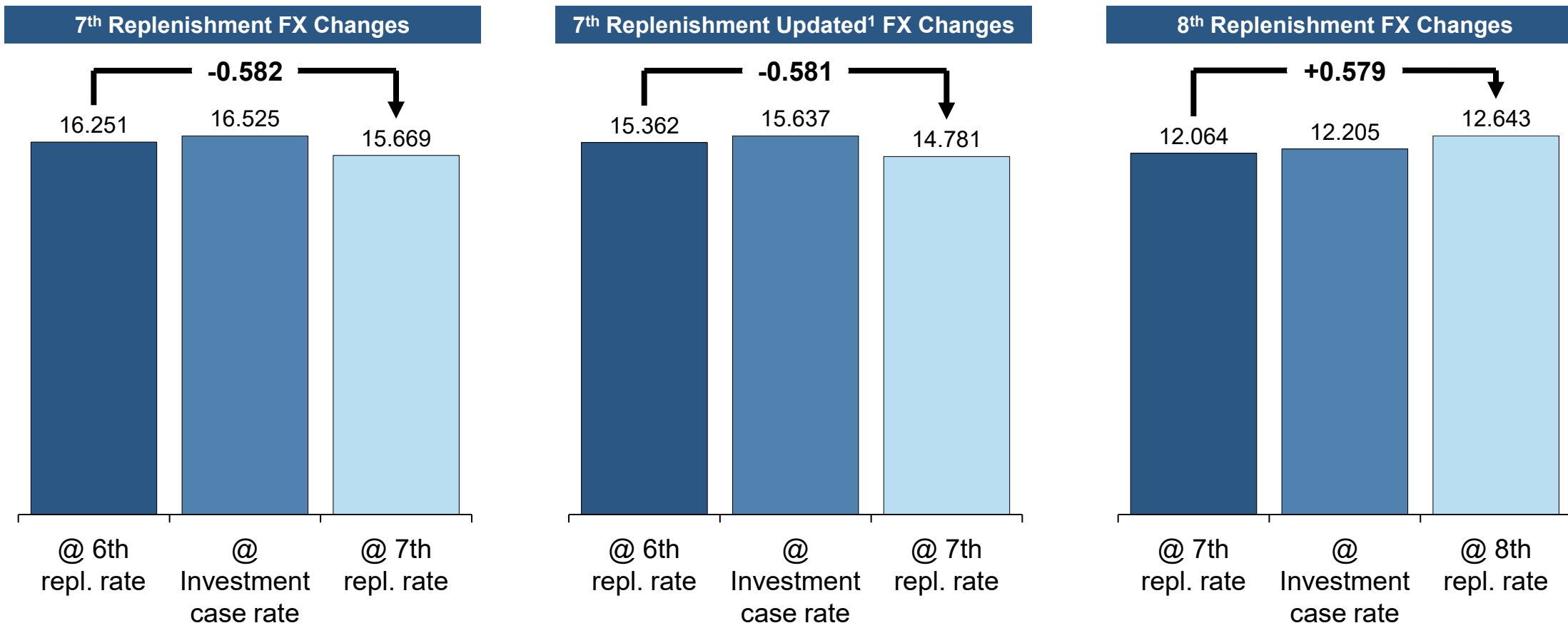
- **Positive impact** of resource mobilization and advocacy efforts has maximized the translation of pledges into source of funds available
- **Overall reduction of donor conditions and Set-aside**, while noting the introduction of set-asides and other deductibles by some donors in the current context.
- **Unmatched pledge amount has also reduced to zero** due effective advocacy and alignment with major donors.

First positive FX trend over the past three cycles increased the 8th Replenishment outcome by US\$0.14 – 0.58 Bn

PRELIMINARY

FX Impact on announced pledges based on various replenishment rates

USD Bn

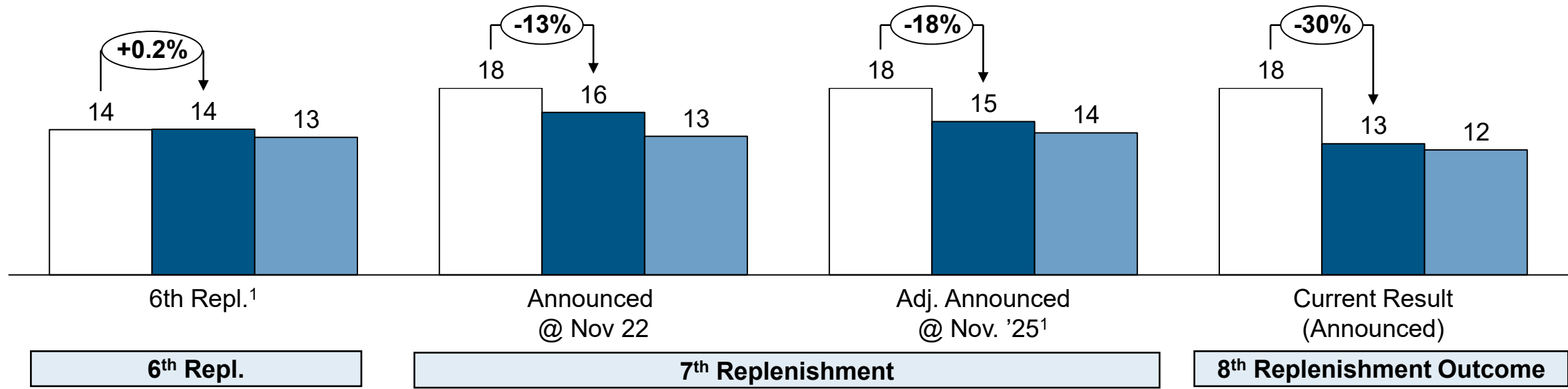


Realized ambition on R8 announced pledge evolution reaffirms the evolving, challenging funding landscape and geopolitical context

Pledges Evolution by Cycle: Ambition v. Announced v. Adjusted

US\$ Million

Ambition
 Actual announced pledge
 Adjusted Pledge
 X% Gap to Ambition



Pledge Quality:



● <90%
 ● 90%-95%
 ● >95%

1. Latest Announced Pledge with Unmatched US pledge excluded @ Nov. 2025
NB: Figures are rounded

AFC29^B & Board Pre read - Reminder



Prior Materials – Reference Materials

Meeting	Document	Reference
AFC 28	GF/AFC28/06	Approved SoF calculation methodology
AFC 29B	GF/AFC29B/04B	AFC recommendation for Sources of Funds
54 th Board meeting	Pre-read – Jan'26	Initial pre-read with information available in Jan 2026.