Policy on Non-Global Fund-Financed Procurement through the Pooled Procurement Mechanism (PPM) / wambo.org

55th Board Meeting

GF/B55/05 Rev 1
9-10 July 2026, Geneva, Switzerland

Board Decision

Purpose of the paper: The paper presents the proposed Policy on Non-Global Fund-Financed Procurement through the Pooled Procurement Mechanism (PPM) / wambo.org (the “Policy”) to support sustainable program design and effective transitions, together with a financial framework to transition non-Global Fund-financed procurement (NGFP) from a limited, operationally constrained offering into a scalable, financially sustainable mechanism, as recommended by the Strategy Committee and the Audit and Finance Committee to the Board.

Decision Point: GF/B55/DP04: Non-Global Fund-Financed Procurement Policy and Financial Mechanism

1. *The Board:*

   i. *recalls its approval through GF/B48/DP07 for the Secretariat's continued operationalization of non-Global Fund-financed procurement orders for products and services as they become available on wambo.org;*

   ii. *recognizes the evolving context, including the rapid emergence of regional and national pooled procurement mechanisms, and the overall need to support continued access to affordable, quality assured health products for HIV, tuberculosis and malaria programs;*

   iii. *recognizes the need for a separate non-Global Fund-financed procurement mechanism to support future transactions, while safeguarding the Global Fund's core resources for allocation and use in line with the recipient-driven, Board-determined priorities of the Global Fund; and*

   iv. *notes that the Secretariat will ensure there is a dedicated 24-month review of the implementation of (i) the Policy on Non-Global Fund-Financed Procurement through the Pooled Procurement Mechanism (PPM)/wambo.org and (ii) the non-Global Fund financed procurement mechanism established below, to be presented to the Board through the relevant committees.*

Part A: Policy on Non-Global Fund-Financed Procurement through the Pooled Procurement Mechanism (PPM)/wambo.org (the "Policy")

2. *Based on the recommendation of the Strategy Committee ("SC"), the Board approves:*

   i. *The Policy on Non-Global Fund-Financed Procurement through the Pooled Procurement Mechanism (PPM)/wambo.org which sets out the principles that govern the procurement of goods and services offered through PPM/wambo.org for non-Global Fund-financed transactions, as set forth in Annex 1 to GF/B55/05 Rev 1;*

   ii. *Delegation of authority to the Executive Director for operationalization of the Policy and directs the Secretariat to return to the SC at its October 2026 meeting with a further articulation of the safeguards to be established within the operational framework to achieve value for money, protect against market distortion and supplier concentration, and support effective oversight and reporting on implementation and associated risks for SC input; and*

   iii. *Delegation to the SC of authority for governance oversight of the Policy, ensuring alignment with the Global Fund's broader market shaping objectives and strategic priorities.*

Additionally, the Board understands that for implementation of certain aspects of the Policy a reasonable transition period may be needed. The Board authorizes the Secretariat to allow for such a transition period when needed.

Part B: Non-Global Fund-Financed Procurement Mechanism

3. Based on the recommendation of the Audit and Finance Committee ("AFC"), the Board:

i. approves the establishment of the non-Global Fund financed procurement mechanism ("NGFPM"), as a segregated pool of restricted assets and liabilities decoupled from replenishment and allocation periods;

ii. agrees that the NGFPM is a Board-approved initiative for which the Global Fund may mobilize, in accordance with applicable policies, additional resources, which may be supported by credit enhancement and risk mitigation instruments;

iii. decides that NGFPM resources shall be available for the objectives of the Policy on Non-Global Fund-Financed Procurement through the Pooled Procurement Mechanism (PPM)/wambo.org, as set forth in Annex 1 to GF/B55/05 Rev 1, including for the offer and provision of funds through a pre-financing facility within the NGFPM, on such terms and conditions as the Secretariat may deem appropriate;

iv. delegates to the AFC the authority for the governance oversight of the NGFPM and the approval of the annual audited financial statements of the NGFPM;

v. acknowledges that the financial framework developed by the Secretariat, leveraging existing Global Fund policies, principles and controls, shall guide the financial management of the NGFPM;

vi. affirms that the costs incurred in the establishment, initial operationalization and scale-up of the NGFPM will be funded through existing Secretariat resources and restricted financial contributions, with the aim that the NGFPM will become self-sustaining through a cost-recovery model to cover associated management and operating costs, and such costs shall not form part of the Global Fund's annual budget for operating expenditures; and

vii. directs the Secretariat to include the NGFPM in regular reporting on financial performance.

Additionally, while the Board expects efforts will be made to fully implement NGFPM upon its approval, the Board understands that for implementation of certain aspects of the mechanism a reasonable transition period may be needed. The Board authorizes the Secretariat to allow for such a transition period when needed.

Budgetary implications (included in, or additional to, OPEX budget)

Within the scope of the Board-approved GC8 NextGen Catalytic Investment (CI) priority, the Secretariat is exploring use of the CI to support selected initial scale-up costs. Additional costs directly attributable to implementation of the NGFP and management of the NGFPM will be covered through existing Secretariat resources and earmarked external private sector funds, and subsequently through cost-recovery fees generated by the mechanism.

The anticipated resourcing costs, as well as the additional earmarked private sector funds mobilized for NGFPM initial scale-up, will be further clarified in the coming months. This costing will be presented to the AFC in October 2026 as part of the approval of the 2027 OPEX Budget.

Executive Summary

Context

1. The Global Fund's Pooled Procurement Mechanism (PPM) has been highly effective in delivering affordable, quality-assured health products for grant-funded programs. Since 2017, the non-Global Fund-financed procurement (NGFP) channel has enabled countries and partners to access these benefits using domestic and other financial resources.
2. While demand for access to pooled procurement mechanisms is growing, driven by increasing country financing responsibility and procurement fragmentation, NGFP through PPM/wambo.org has remained a small share of total PPM procurement. This is due, in part, to constraints that limit country uptake, including the requirement for upfront payment and legal and procedural barriers preventing access to pooled procurement mechanisms within national procurement approaches. At the same time, many regional and national procurement mechanisms (especially in Africa) are emerging but do not yet consistently deliver the benefits of large-scale pooled procurement.

Proposal

3. Leveraging its unique market-shaping position, procurement infrastructure and country relationships, the Global Fund proposes to transform its NGFP channel into a core strategic and scalable offering.
4. This includes consolidating existing related Board decisions into a single comprehensive NGFP Policy, maintaining elements of the existing mechanism (product scope, quality assurance, and buyer–payer roles), and introducing targeted updates and new components: expanding NGFP Buyers to include regional and national pooled procurement mechanisms, and establishing a coordinated approach to innovation access.
5. In support of the Policy, the Global Fund proposes to establish a dedicated financial management framework comprising a separate ring-fenced financial mechanism, cost-recovery fee structure and pre-financing facility, to enable scale and improve access while ensuring financial sustainability and safeguarding financial integrity.
6. Together, these changes are intended to position NGFP to preserve the benefits of pooled procurement to sustain market stability, ensure quality, affordability, and access to the latest innovations, while also enabling transition pathways towards country- and regionally-owned systems. However, while these changes are fundamental to establishing a credible and effective offering for countries and other buyers, they do not guarantee large-scale demand and uptake in themselves. Achieving scale will also require sustained Secretariat engagement with countries and partners to address non-financial barriers, build awareness and support effective use of the mechanism.

Next Steps

7. Subject to Board approval, the Global Fund proposes a phased implementation approach. This includes immediate operationalization of the Policy and financial mechanism, followed by targeted country engagement in 2026, with scaled roll out in January 2027 to align with Grant Cycle 8 implementation.
8. Reporting and oversight will be provided through existing channels, with regular visibility to the Strategy Committee (SC) and the Audit and Finance Committee (AFC) on progress, financial performance, pre-financing utilization and emerging risks, and with the Secretariat returning to the SC, AFC, and Board,

as required and if needed, with any proposed amendments to the Policy and financial framework based on implementation experience.

Input Sought

9. Decision Point: GF/B55/DP04: Non-Global Fund-Financed Procurement Policy and Mechanism

Input Received

10. The Secretariat received substantive input from both the SC and AFC committee sessions in May 2026; see Table 1 below and Annex 2. This input is reflected through the following updates in this paper:

Table 1: Summary of SC30 and AFC30 inputs and how feedback has been reflected

Committee	Feedback Received	How Feedback is Reflected in Board Paper and Policy
Strategy Committee	Understanding of the approach the Secretariat will utilize to adjudicate buyer-specific preferences	Listed a set of 8 of the most likely NGFP buyer preferences expected, aligned to an expected approach and rationale for each, informed by Global Fund procurement, quality assurance and other related policies *(see Annex 6)* Also updated the oversight language to further clarify that the Secretariat will ensure alignment of all NGFP procurement transactions with the NGFP policy. In the event that a proposed transaction remains mis-aligned with scope of the policy, in order to move forward with the transaction, it will need to be escalated for governance-level review and approval *(Section 5, paragraph 90)*
	Visibility into the components of the operational framework the Secretariat is developing to support NGFP policy implementation	Provided an overview of the key areas of the operational framework the Secretariat is developing, including Standard Operating Procedures, Management Approach, Monitoring, and Governance Oversight and Reporting *(see Annex 8)*
	Provide overview of the risk management approach that will be applied as NGFP volumes and complexity scales	Provided a summary of the risk management approach the Secretariat plans to integrate into its existing routine operational procedures across key areas of risk including: (1) strategic and reputational, (2) health product procurement, (3) operational and technology, (4) financial and fiduciary, and (5) governance, legal and compliance *(see Annex 7)*

Committee	Feedback Received	How Feedback is Reflected in Board Paper and Policy
	Clarity on the oversight responsibilities and reporting cadence for NGFP	Clarification on the responsibilities and reporting cadence for NGFP across SC/AFC/Board, and integrated within market shaping, procurement and financial reporting *(See Section 5)*
	Proposal for a dedicated review of NGFP policy implementation in 12-18 months	Based on a review of existing touchpoints to support coherence across overall procurement/market shaping, the Secretariat proposes a joint SC and AFC review at the 24-month window, where sufficient time will have passed to enable a full assessment of performance, and a holistic integrated review of lessons learned and proposed path forward *(See Section 5, paragraph 902)*
Audit and Finance Committee	Proposal for a dedicated review of NGFPM performance and effectiveness in 24 months	See above – Secretariat proposes a consolidated SC/AFC joint assessment of performance and review of learnings at 24 months
	Visibility into how NGFPM will be reported and reflected within Global Fund financials	Clarification within the Board paper that NGFPM activity will be subject to dedicated assurance and financial reporting visibility, with the final reporting approach integrated within the Global Fund's consolidated financial reporting framework *(See Section 4, paragraph 73)*
	Clarity on the impact of NGFP related implementation costs on OPEX	Updated the Budgetary Implications section of the decision point to note the anticipated resourcing costs, as well as the additional earmarked private sector funds mobilized for NGFPM initial scale-up, will be further clarified in costing that will be presented to the AFC in October 2026 as part of the approval of the 2027 OPEX Budget. This is expected to be sourced from a mix of NextGen Catalytic Investment funds, earmarked private sector funds, and cost-recovery generated by the mechanism. *(See Decision Point)*
	Clarity on how residual funds will be treated in the event the mechanism is discontinued	Clarification within the Board paper that in the event of NGFPM closure, subject to the liquidation of NGFPM's preferential obligations, including applicable funding seniority and donor / guarantor conditions, any residual funds will be considered by AFC/Board with an option to revert to core ALM *(See Section 4, paragraph 56)*

11. Additionally, the decision points recommended by each of the SC and AFC for approval by the Board have been combined into one decision point recommended for Board approval. In combining the decisions, and to address and highlight the feedback from the committees, (i) the introductions to the recommendations have been combined and a reference has been included to the 24-month review of the NGFPM and implementation of the Policy, as proposed by the Secretariat in response to the feedback from the committees requesting a formal review be incorporated into the reporting schedule, and (ii) the language in the SC recommendation on governance oversight of the Policy has been moved up and aligned with the delegation reference in the AFC recommendation to enhance clarity.
12. This paper also reflects consultations and early engagement with the range of existing and emerging pooled procurement entities, including a landscaping analysis of established UN-agency supported pooled procurement mechanisms (e.g., UNICEF, UNDP, UNOPS) and existing longstanding collaborative procurement with PAHO. This also takes into account preliminary dialogue with the Africa Centers for Disease Control and Prevention (Africa CDC)/African Pooled Procurement Mechanism (APPM) and other emerging regional mechanisms.

Report

I. Introduction & Context

1. Current scope of Non-Global Fund-financed procurement (NGFP)

13. The Global Fund established its Pooled Procurement Mechanism (PPM) in 2009 to support grant-funded procurement of health products by aggregating demand across countries and securing quality-assured products at competitive prices and preferential supply terms for HIV, tuberculosis and malaria programs.[1] Through centralized sourcing and strategic supplier agreements with manufacturers, PPM has enabled implementing countries to benefit from economies of scale, reduced transaction costs, and strengthened supply security, underpinned by robust quality assurance standards.

14. To enhance efficiency, transparency and user access, the Global Fund launched wambo.org in 2016 as its online procurement platform supporting PPM transactions. Building on the success of the grant-funded model, the Global Fund Board approved a 2017 pilot of non-Global Fund-financed procurement (NGFP) enabling countries to use domestic and other resources to procure health products through the PPM under defined conditions, including pre-payment requirements and a transaction cap.[2]

15. Following positive experience, a 2019 Board decision increased the cap and expanded the availability of NGFP[3] and a 2022 decision removed the transaction cap and the pilot status.[4] Under the current framework, NGFP enables buyers to procure products available through wambo.org, using domestic or other non-Global Fund resources.

2. NGFP demand and barriers to access

16. NGFP usage has grown steadily since 2017, reaching approximately US$128 million cumulatively by end of 2025, with annual volume in 2025 of roughly US$32 million,[5] primarily in antiretrovirals and including diagnostics, vector control, antimalarials and essential medicines (see Annex 3).

17. In the past year, the Global Fund has experienced significantly increased demand for access to pooled procurement terms as countries and partners are increasingly seeking to leverage the Global Fund's established systems to secure affordable, quality-assured products and reliable supply, including access to new innovations.

18. However, country uptake has not scaled with demand. Consistent with other global procurement models, NGFP through PPM/wambo.org requires full payment at order placement to proceed with a transaction. This requirement presents a significant challenge for some countries, especially those with delayed budget disbursements or execution, limited access to foreign exchange, or laws preventing pre-payment before goods are received to safeguard resources.

[1] GF/B15/DP15: Market Dynamics and Voluntary Pooled Procurement
[2] GF/B37/DP09: Wambo.org: Progress Update and Steps for Advancement
[3] GF/B42/DP05: Evolving the wambo.org Pilot for Non-Global Fund-Financed Orders
[4] GF/B48/DP07: Advancement of Non-Global Fund-Financed Procurement Utilizing the Pooled Procurement Mechanism and wambo.org
[5] Non-Grant-funded procurement represents ~2% of the total value of products procured through PPM/wambo.org

19. Non-financial barriers also remain. National procurement laws often classify the use of pooled procurement mechanisms as sole sourcing, even where it is based on competitive tenders, creating legal and procedural obstacles. The option for use of Global Fund's NGFP channel is not yet consistently integrated into country supply planning processes or financing and transition strategies, and there remain meaningful opportunities to improve the buyer experience through the PPM/wambo.org platform.

3. The evolving context surrounding NGFP

20. The strategic context for procurement continues to shift significantly, which reinforces the need to strengthen Global Fund's NGFP offering. Donor financing pressures coexist with increasing country leadership in financing decisions, alongside a growing emphasis on national health sovereignty and regionally or nationally-led solutions. These trends are consistent with the Global Fund's GC8 priorities to support sustainable program design and effective transitions – in particular Strategic Shift 6 to strengthen and optimize the use of domestic resources. Access to PPM/wambo.org enables countries to optimize the use of domestic resources by providing competitively priced, quality-assured products, reliable supply, and transparent benchmarks against alternative procurement options.

21. At the same time, procurement is becoming more fragmented across a wider range of buyers, including governments, partners and emerging pooled mechanisms. Without mechanisms to preserve aggregation, the market-shaping benefits, including price reductions, supply security and supplier engagement, risk being eroded. This is particularly important for high-volume products (e.g., bed nets, ARVs, ACTs, rapid diagnostics tests), specialized products with small individual country demand (e.g., pediatric ARVs), and emerging innovations (e.g., lenacapavir) where supply is initially constrained and manufacturers often prefer to work through a limited number of centralized procurement channels. Preserving these benefits can help to deliver on Global Fund's GC8 Strategic Shift 3 on rigorous programmatic prioritization and optimization including through market shaping.

22. In parallel, regional and national pooled procurement platforms are emerging as a core feature of the landscape[6] and are critical for advancing long-term local ownership of procurement functions. In Latin America, the Pan-American Health Organization (PAHO) has operated an at-scale pooled procurement mechanism for over 30 years, managing nearly $1 billion of annual procurements, and has partnered with Global Fund to leverage its long-term agreements on ARVs. However, many (primarily in Africa) remain nascent and may not yet consistently deliver the full benefits of large-scale pooled procurement, including pricing leverage, supply assurance and access to innovation. Initial discussions with African pooled procurement mechanisms have indicated emerging interest for partnership with the Global Fund, especially for core product categories in HIV and malaria.

23. This creates a gap between demand for efficient, quality-assured procurement and the current capacity of regional and national mechanisms. Preliminary estimates suggest that over US$1.5

[6] Examples include African Pooled Procurement Mechanism and other regional African initiatives (i.e., SADC, EAC, ECOWAS), as well as emerging national pooled models in large markets such as Kenya, Tanzania, etc.

billion[7] in annual product expenditure outside Global Fund-financed procurement could benefit from pooled procurement.

24. Bilateral and multilateral partners are also seeking more efficient, transparent procurement solutions to address their own needs and reduce overall procurement costs for themselves and their beneficiary country programs. The partnership with the U.S government PEPFAR program to support Lenacapavir introduction and the recent Memorandum of Understanding with the World Bank to explore leveraging PPM/wambo.org represent two major opportunities to leverage the NGFP channel.

4. The Global Fund's Role

25. In this evolving context, the Global Fund's role is not to replace country or regional systems, but to enable and accelerate their development. Through NGFP, the Global Fund can act as a viable solution, providing immediate access to established pooled procurement benefits while supporting longer-term transition to country- and regionally- owned systems and preserving the benefits of aggregation as financing becomes more fragmented.

26. Through NGFP, the Global Fund can:

    - Complement and collaborate with regional pooled procurement mechanisms, as both users of NGFP in the near-term and long-term partners in a more distributed procurement ecosystem;
    - Preserve and extend the benefits of aggregated demand in an increasingly fragmented financing landscape and provide immediate access to competitively priced, quality-assured products and reliable supply through a trusted, reliable procurement system;
    - Provide transparent reference prices and procurement transaction costs for benchmarking to countries and partners to strengthen procurement capabilities;
    - Support utilization of NGFP as a tool to enable country financing and transition strategies, including to deliver co-financing commitments, facilitating integrated supply planning, and connecting to Global Fund's public financial management support; and
    - Work more systematically to address country-specific legislative, policy and procedural barriers to the use of pooled procurement mechanisms, including through coordinated engagement with governments and partners to resolve non-financial constraints such as regulatory requirements and procurement laws.

27. The Global Fund is uniquely positioned to play this role. Its PPM combines market-shaping leverage (especially in core HIV, malaria, and diagnostic product categories, including emerging innovations), with robust quality assurance policies, established supplier relationships and deep country engagement. Other partners do not currently operate at comparable global scale with such established capabilities for these core product categories. (See Annex 4 for a summary of other health pooled procurement mechanisms.)

[7] This estimate focuses only on health product procurement for core HTM product categories (i.e., pharmaceutical products, diagnostics, vector control) that are currently supported through NGFP channel. The estimate focuses only on countries that are currently Global Fund grant eligible, and also excludes large middle-income countries with large-scale national procurement mechanisms (e.g., South Africa, India) that are unlikely to utilize NGFP channel in the future.

II. Strategy and Vision

5. Future Vision for NGFP

28. Leveraging its unique role, the Global Fund proposes to evolve NGFP into a core, strategic and scalable offering that responds directly to the changing context and growing demand for pooled procurement access, within its broader approach to collaborative procurement.[8]

29. To deliver on this vision, the Global Fund's NGFP offering will need to evolve to better reflect the volume, buyer mix and financing realities emerging across the health ecosystem, and will formalize the NGFP mechanism with the following objectives:

- **Support improved access to quality-assured health products and innovations**: Enable countries and partners to access affordable, reliable and quality-assured health products, including emerging innovations;
- **Support sustainability and transition**: Facilitate increased use of domestic and diversified financing while integrating with national and emerging regional platforms to transition toward greater local ownership of procurement whilst at the same time fostering collaborative procurement arrangements to sustain markets and access;
- **Ensure financial sustainability and integrity**: Establish and maintain a transparent, sustainable financial mechanism, enabling NGFP to scale without recourse to grant funding while safeguarding the Global Fund's core Asset and Liability Management (ALM).

6. Value Proposition and Expected Scale

30. In all cases, the NGFP offering should provide countries with a quality, cost-effective channel for procurement, with a differentiated NGFP value proposition across the sustainability and transition spectrum:

- <u>Low-income and lower-middle income countries (LICs/ LMICs):</u> Supporting program continuity, decreasing reliance on Global Fund for financing health products and increasing impact through creating access to lower prices and/or better procurement terms for health products, as national and regional procurement capacities continue to strengthen.

- <u>Transitioning Countries</u>: A bridge to maintain access to pooled procurement terms (especially for HIV and malaria products under long-term agreements) as Global Fund financing declines and pressure to find efficiencies within domestic funding envelopes increase.

- <u>Transitioned Countries</u>: Rapid access to the latest HIV and malaria innovations and other suppliers that cannot readily be achieved independently, especially for smaller market countries.

31. With effective execution of the new Policy, use for NGFP will be expected to grow significantly. In the near-term, uptake is expected to increase by several factors from the current base (~US$30M annually) in 2025, enabled in part by increased use by partner organizations (e.g., health products

[8] Collaborative procurement refers to partnerships that drive mutually improved procurement outcomes including sharing/jointly developing technical requirements, leveraging expertise, joint procurement strategies/tenders, leveraging existing procurement agreements etc.

funded by the US government). Over the medium to longer term (GC8, GC9 and beyond), NGFP could continue to scale, driven by the introduction of the pre-financing solution, accelerated use by transitioned countries to fill increasing procurement gaps and deeper collaboration with regional platforms and development partners.

III. NGFP Policy

7. Purpose

32. The Policy consolidates and supersedes a series of previous Board decisions into a proposed single, coherent framework, while introducing key new policy components, to improve usability, scalability and alignment with the evolving procurement landscape and provide clarity and predictability for countries, partners and suppliers.

8. Policy Components, Options Considered and Recommendation

33. The following section outlines these main policy components, including the rationale for each and the recommended approach (summarized in Table 2). Detailed information on elements that remain unchanged from the current model is provided in Annex 5; this section focuses on targeted updates and new components.

Table 2: Summary of key NGFP Policy scope components, and recommended approach

Policy Component	Recommended Path Forward
NGFP Buyers	Expand eligibility to include regional and national pooled procurement mechanisms procuring on behalf of countries currently receiving or which previously received an allocation for at least one disease component from the Global Fund or regional and national pooled procurement mechanisms' users, with clear conditions on accountability and transparency.
Eligible Products[9]	Maintain current scope[10]
Quality Assurance[11]	Maintain full application of Global Fund Quality Assurance Policies to all NGFP transactions, regardless of funding source or buyer type
Innovation Access / Supply Constrained Products	New innovations made available for procurement through NGFP, with the Global Fund defining conditions for access and allocation across grant-funded and non-grant funded demand in supply-constrained contexts, prioritizing grant-funded needs
Buyer vs Payer Roles	Maintain and formalize a clear distinction in which only NGFP Buyers can place an order; Third-Party Payers (e.g., bilateral, multilateral and private donors) can finance Buyers' transactions
Procurement Approach	Aim for standardized approaches across buyers in line with Global Fund's Procurement Policy and practices. Allow for limited deviations for buyer preferences especially to specify manufacturing location within defined guardrails to preserve access, competition and value for money

[9] Annex 3 provides detailed rationale for why historic approach is recommended to be maintained within the NGFP Policy
[10] All products available on PPM/wambo.org including: insecticide-treated bed nets; indoor residual spraying; antimalarial medicines; antiretroviral medicines; essential medicines, including for the prevention of TB in HIV programs; condoms and lubricants; diagnostics and laboratory consumables and other equipment for HIV, TB and malaria; rapid diagnostic tests; selected non-health products; and COVID-19 related products.

NGFP Buyers and Collaboration with Pooled Procurement Mechanisms (targeted update)

34. Under the current model, eligible buyers include governments of Global Fund-eligible and transitioned countries, as well as non-government development organizations. The Policy clarifies the countries eligible to receive products based on the place of delivery and expands the broader definition of NGFP Buyer to include (1) regional, national and other pooled procurement mechanisms, recognizing their growing role in the global health procurement landscape, and (2) the users of these procurement mechanisms.

35. Under this approach, the legal entity representing a regional or national pooled procurement mechanism may register as a formal Buyer on wambo.org and place orders directly through the platform. To enhance accessibility and usability, the Global Fund will also collaborate with these entities to integrate PPM/wambo.org offerings into their front-end systems, including listing relevant products within regional or national procurement catalogues and purchasing platforms, for access to eligible users.

36. Providing access to PPM/wambo.org products will enable other pooled procurement mechanisms to focus on product category gaps in the PPM ecosystem, and will reduce the risk of duplication of efforts. Over time, as regional and national pooled procurement mechanisms mature and establish direct relationships with manufacturers, their reliance on the full PPM/wambo.org procurement service offering is expected to decrease. Collaboration may then evolve toward alignment of volumes under Global Fund-negotiated long-term agreements for priority product categories, supporting a gradual transition toward greater national or regional ownership.

Procurement Approach (targeted update)

37. Under the current model, procurement through PPM/wambo.org follows a highly standardized approach, with limited scope for buyers to express preferences beyond what is defined in the Global Fund's procurement and sourcing strategies. This standardization is a core feature of pooled procurement, enabling aggregation of demand, simplified processes, and reliable supply outcomes.

38. The Policy allows for the non-grant financed procurements to permit selected deviations to account for strategic buyer preferences within defined guardrails. This may include, for example, preferences related to manufacturing location where NGFP could help to enable procurement from manufacturers closer to the point of demand (e.g., at a regional level), as well as other specified parameters, where these can be accommodated without undermining procurement efficiency, supply security or value for money. Any such preferences will be managed to ensure alignment with Global Fund procurement principles and the integrity of pooled procurement arrangements. Annex 6 provides details on how deviations to address NGFP Buyer's preferences will be managed.

39. Alternative approaches were considered. Maintaining a fully standardized model would limit responsiveness to evolving buyer needs, particularly as countries and partners increase use of domestic and third-party financing and regional pooled procurement entities are setting aggressive goals for advancement of sustainable, regional manufacturing capacity. Conversely, allowing a high degree of customization would risk fragmenting demand, reducing the benefits of aggregation, increasing operational complexity, and potentially weakening market-shaping leverage. The proposed approach therefore strikes a balance by enabling targeted flexibility while preserving the core benefits of pooled procurement.

Innovation Access (new component)

40. New health products and innovations are typically characterized by initially constrained supply, as manufacturing scale-up requires time for technology transfer, regulatory approvals, supplier qualification and the establishment of predictable demand. In early phases, manufacturers often limit engagement to a small number of procurement channels to manage risk and ensure orderly market entry. This creates a critical allocation challenge: without coordination, limited supply risks being fragmented across buyers, reducing the ability to direct products to the highest-impact settings, weakening market-shaping leverage and potentially slowing broader scale-up.

41. The Policy explicitly accounts for the management of access to innovations across grant and non-grant financed procurement where supply is constrained, which will become increasingly important as NGFP scales. In such cases, the Global Fund will define the conditions for access and, where relevant, allocate available supply between Global Fund-financed and non-Global Fund-financed procurement. Priority will be given to grant-funded procurement, reflecting the Global Fund's mandate to support equitable access for the most vulnerable populations, particularly in lower-income and high-burden settings.

42. This approach ensures that scarce supply is directed toward the greatest public health need, where products can be rapidly integrated into programs, while supporting manufacturers to scale production in a stable and predictable manner and preserving value-for-money outcomes. Within this framework, NGFP will operate as a complementary channel, enabling access where feasible without undermining core grant-funded programs or broader market dynamics.

Country Engagement and Addressing Non-Financial Barriers (not part of policy but key to operationalization)

43. While the Policy establishes the structural foundations for scaling NGFP, these changes alone are not sufficient to drive increased demand and uptake. Realizing the full potential of the Policy will require sustained Secretariat engagement to address country-specific barriers and support effective use of the mechanism in practice.

44. Under the current model, engagement to clearly present the value proposition of NGFP and to address country-specific legislative, policy and procedural barriers to accessing pooled procurement has been largely ad hoc and transaction-driven. While this has enabled some countries to access NGFP, experience shows that structural constraints, such as procurement laws, regulatory requirements and public financial management rules, can significantly limit uptake and require sustained engagement to resolve.

45. In support of operationalizing the Policy, the Global Fund will explore a more systematic and proactive approach to supporting countries to understand the terms and potential advantages of NGFP as a tool within their overall national procurement strategies. This may include integrating NGFP into routine country engagement processes, such as grant management dialogue, integrated supply planning, public financial management work, and discussions on co-financing, sustainability and transition, as well as coordinated engagement with governments, multilateral development banks, and partners to address non-financial constraints. Through this approach, the Global Fund will support countries in navigating legal and procedural requirements and enable them to more effectively assess and access pooled procurement options.

46. In parallel, the Global Fund will strengthen the operational enablers of the NGFP offering, including investing in the user-face platform functionality and service delivery processes. Ensuring

that PPM/wambo.org is intuitive, accessible and well-supported will allow buyers to more seamlessly integrate pooled procurement into their own national and institutional procurement approaches over time.

IV. Financial Framework

9. Purpose and Rationale

47. The current NGFP offering has financial limitations. Its operations are supported by grant funds and adapted from grant-financed processes, making it difficult to account for necessary non-grant operating costs, separately manage NGFP assets and liabilities, and offer pre-financing through a risk-controlled and financially transparent mechanism. As NGFP volumes grow, these constraints would increasingly limit operational flexibility across grant cycles and create financial, legal and reporting risks, including lack of transparency, potential cross-subsidization, and exposure of the Global Fund's core ALM.

48. In response, the financial framework introduces three core financial elements to transition NGFP from a limited, operationally constrained offering into a scalable, financially sustainable mechanism.

    - The establishment of a segregated financial management mechanism for NGFP (NGFPM) which will apply the principles of the Comprehensive Funding Policy (CFP) [11], including management of foreign exchange risk, liquidity and cash, to a separate pool of restricted assets and liabilities available for allocation to transactions pursuant to the Policy;
    - The introduction of a cost-recovery fee framework to support the operating costs of the mechanism; and
    - The establishment of a pre-financing facility.

NGFP Segregated Financial Mechanism

49. The Global Fund proposes to establish a dedicated financial framework that enables NGFP to operate through a segregated special purpose mechanism extending across cycles, under cost-recovery principles, and with the appropriate tools to address pre-financing constraints faced by countries.

50. Under this model all NGFPM resources would be treated as restricted and managed separately from the Global Fund's core ALM, with no commingling of assets and liabilities. The mechanism would maintain a separate ALM, balance sheet, with dedicated financial flows and all NGFP transactions would be executed through this structure, ensuring full transparency, traceability and independent oversight.

51. As a dedicated procurement facility NGFP will systematically consolidate all forms of non-grant procurement managed by the Global Fund:

[11] See GF/B36/DP04: Amended and Restated Comprehensive Funding Policy (November 2016).

i. Donor financed procurement – wherein donor acts as third-party payers for procurement by NGFP Buyers

ii. Country financed procurement – wherein NGFP Buyers undertake procurement from their own funding sources

iii. Regional and Strategic Partnerships – wherein other pooled procurement mechanisms and agencies leverage Global Fund procurement terms and conditions for their respective countries or other end users.

52. The sources of funds for the capitalization of the NGFPM may include, in addition to sources of funds authorized by applicable policies: (i) pre-paid funds associated with individual transactions, (ii) a revolving working capital pool, (iii) cost-recovery fee income, and (iv) external risk-sharing or credit enhancement arrangements, including guarantees or similar instruments (where applicable, such instruments will be recognized and valued in accordance with established financial and accounting principles to determine their contribution to the mechanism's overall obligating capacity). The anticipated costs for the resourcing of the NGFPM, and the availability and terms of additional earmarked private sector funds mobilized for NGFPM initial scale-up, will be further clarified in the coming months. This clarification will enable the Secretariat to present the NGFPM's initial costing as part of the 2027 operating expenses budget and corporate work plan for AFC recommendation and Board approval in October 2026.

53. The NGFPM would operate in alignment with the principles of the CFP, including asset-liability matching and disciplined liquidity management, ensuring that financial obligations are always supported by available resources. Additionally, the AFC-approved Global Foreign-Exchange Management Framework[12], and applicable IFRS Accounting Standards, would apply to the NGFPM. In addition, the three lines of defense as applicable to the Global Fund funded grants would be applicable to NGFP. This structure is intended to ensure that NGFP is sustainable over time and introduces no additional liquidity or balance sheet risk to the Global Fund's core ALM, with financial exposures contained within the mechanism.

54. Pre-paid transactions will represent the standard modality under the NGFPM. Under this model, NGFP Buyers provide full payment at or prior to order placement, and procurement is executed without introducing significant liquidity exposure to the mechanism. This modality is expected to represent the majority of transactions, providing a straightforward and low-risk pathway for accessing the Global Fund's pooled procurement platform.

55. Liquidity risk would be managed through a combination of structural safeguards, including a minimum liquidity buffer calibrated to expected payment obligations, transaction-level controls to ensure commitments are made only when sufficient resources are available, and ongoing monitoring and stress testing of cash flows and repayment timing.

56. The mechanism is intended to become financially self-sustaining over time supported by mature working capital management, cost-recovery fees, accumulation of reserves, and phased scaling aligned with demand and financial capacity. In the event of NGFPM closure, subject to the liquidation of NGFPM's preferential obligations, which may include, where applicable, funding seniority and donor/ guarantor conditions, any residual funds will be presented for governance direction on management of such funds.

[12] See GF/AFC01/DP02: Approval of Global Foreign-Exchange Management Framework (June 2016).

10. Pre-Financing Facility

57. The Global Fund proposes to establish a pre-financing facility (the "Facility") within the NGFPM to address one of the barriers to NGFP uptake: the inability of some governments to meet full advance payment requirements due to liquidity constraints, public financial management processes or legal restrictions.

58. The Facility would provide a targeted, time-bound financing option, enabling government buyers to place orders when needed while repaying on an agreed schedule. In practice, NGFP transactions would continue to require upfront payment to initiate procurement. Where NGFP Buyers are unable to meet this requirement, and subject to buyer and transaction-level due diligence and approval, they may request access to a defined line of credit under the Facility. This financing would be used to pre-pay the order on behalf of the NGFP Buyer, allowing procurement to proceed without delay, where approved by the Secretariat. The NGFP Buyer would then repay the financed amount according to the agreed repayment timeline.

59. The Facility would be supported by a dedicated capital pool within the NGFPM, which may be financed through a combination of earmarked cash contributions, funded guarantees, and, where appropriate, external risk-sharing arrangements such as guarantees (or other credit enhancement or risk mitigation instruments) with external financing partners. Pre-financing would be strictly capped by available capital and managed in line with overall liquidity, with each transaction subject to due diligence, defined repayment terms and active monitoring.

60. Pre-financing is expected to represent a minority of total transactions and the Secretariat will initially prioritize countries with currently active grants, expanding in due course.

61. The Facility is intended to bridge timing constraints, not to replace buyer payment responsibility or relax fiduciary standards. Comparable arrangements used by other pooled procurement mechanisms, including PAHO and UNICEF's Vaccine Independence Initiative[13], suggest that such an approach can accelerate transaction flow while maintaining strong financial discipline.

62. The Global Fund proposes to integrate pre-financing within the NGFPM to ensure alignment with procurement processes, financial controls and broader country engagement. Over time, the Facility is expected to become increasingly self-reinforcing through repayments and fee income, supporting the sustainability and scalability of the overall mechanism.

63. Acknowledging the need to facilitate the AFC's governance oversight, the Secretariat commits to undertaking a review of learnings and viability of the pre-financing modality after 24 months of implementation. The review, and any required adaptations or structural changes will be presented to the AFC.

11. Fee Framework

64. The establishment and initial operationalization of the NGFPM will be covered through a combination of existing Secretariat resources and earmarked external private sector funding. These costs are expected to be time-bound, stemming from the initial design, set-up and scale-

[13] For additional information, please refer to the Pan American Health Organization (PAHO) Regional Revolving Funds and the UNICEF Vaccine Independence Initiative.

up of the mechanism. The design of the NGFPM integrates a pathway to becoming fully self-sustaining over time, through the introduction of a cost-recovery fee framework.

65. The cost-recovery fee framework will be applied through a defined structure based on the modality of procurement, operational support required, and whether the transaction involves time-bound pre-financing or other financial exposure. This approach is intended to support the financial sustainability of the NGFPM over time while maintaining an attractive value proposition for users, with total fees anticipated to be in the range of approximately 1% to 5% of the transaction amount (range dependent on modality of procurement, e.g., pre-paid transactions versus those using the pre-financing facility) and forecasted demand and operational requirements to support cost recovery for the period.

66. The proposed fee structure includes two components:

- An Administrative Fee, applied across all transactions to recover core procurement and operational costs, including systems, assurance and governance; and
- A scalable Facility Fee, applied only when relevant (e.g., for transactions making use of the pre-financing facility), to reflect incremental costs, risks, financial management requirements, and facility resilience for transactions that create financial exposure for the mechanism. The Facility Fee will be annualized and adjusted to the actual exposure period, ensuring users pay only for the period during which the facility is accessed.

67. This dual-component structure balances simplicity, transparency and flexibility, and is broadly aligned with cost-recovery approaches observed by other pooled procurement and financing platforms, while recognizing the specific design features of the NGFPM. It enables predictable pricing for users while allowing the Global Fund to adjust the structure over time as utilization patterns and cost drivers evolve. Moreover, it supports a financially resilient structure over time based in cost-recovery principles.

68. The calibration of fee rates will remain within the operational mandate of the Secretariat, with the overall approach and parameters subject to review by the AFC as part of its oversight role. To ensure fee levels remain as close to cost-recovery as possible, fee levels will be reviewed annually, trued up against actual costs and financial performance, and structured so that any surplus is retained within the mechanism as a reserve, to strengthen financial resilience over time. Mechanisms to encourage timely repayment, including late payment penalties where applicable, may also be applied.

69. Preliminary analysis suggests that the Global Fund should be able to offer this mechanism at a modest fee level that remains comparatively low relative to other pooled procurement mechanisms, thereby preserving the value proposition for use of NGFP while avoiding dependence on grant financing.

12. Financial Risk Management and Controls

70. The NGFPM will operate within a comprehensive financial risk management and internal control framework, aligned with the Global Fund's established fiduciary standards (including the CFP, Global Foreign-Exchange Management Framework, and IFRS accounting standards). This framework is designed to ensure that financial risks are systematically identified, monitored, and managed, while enabling efficient transaction execution.

71. Liquidity management is a central component of this framework. The mechanism will maintain a minimum liquidity buffer calibrated to expected payment obligations, and procurement commitments will only be entered into where sufficient resources are available to meet associated payment obligations. This discipline is reinforced through transaction-level controls that ensure alignment between supplier payment terms, buyer payment schedules, and available financial resources. Ongoing monitoring and stress-testing of cash flows will support forward-looking liquidity management.

72. In parallel, the mechanism will apply robust controls over pre-financing exposures, including transaction-level due diligence, verification of repayment capacity, and active receivables management. Repayment performance will be monitored on an ongoing basis, supported by early warning and escalation mechanisms for overdue payments.

73. The financial mechanism will be included in Global Fund's financial reporting, audit, and assurance architecture, including internal controls, external audit, and oversight by the Office of the Inspector General. Segregated accounting and reporting will ensure full visibility of the mechanism's financial position and performance, while enabling effective oversight by Governance bodies. Annual NGFPM financials will be integrated within the Global Fund's consolidated financial reporting framework mechanism. Through this regular reporting, including the Secretariat's approach to management and operating costs under the NGFPM and cost recovery, the AFC will continue to be provided with the information to fulfil its oversight role.

74. While the design incorporates multiple layers of safeguards, residual risks remain, particularly in relation to repayment timing and liquidity dynamics (see Annex 7). These risks are inherent to the nature of the mechanism but are actively managed and contained through the structure of the financial framework and associated controls.

75. The financial viability of the NGFPM is directly contingent on the successful design, capitalization, and performance of the financial mechanism. Sustainability will depend on achieving sufficient scale and utilization, with preliminary analysis indicating that annual transaction volumes of approximately US$500 million is a target threshold to enable a low, highly competitive fee level to buyers for the cost-recovery model.

76. In addition, the model's viability is predicated on the effective deployment of a blended structure of pre-paid and pre-financed transactions; the uptake, pricing, and risk management of these instruments will be determinative in delivering both financial sustainability and the intended access outcomes aligned with the Global Fund's mission and strategic priorities.

V. Recommended Way Forward

77. Subject to Board approval in July 2026, the Global Fund proposes a phased approach. This will start with operationalization of the Policy and the financial framework, once the Policy has entered into force following Board approval.

13. Phase 1: Preparation for Policy Operationalization

78. The Global Fund would operationalize the preparatory financial and operational work necessary for establishing the NGFPM, including dedicated accounts, reporting structures, systems configuration, and putting in place the control, approval and risk management protocols required

to support both pre-paid and pre-financed transactions. It would also begin communicating to existing buyers the expectations of the new fee structure.

79. In parallel, the Secretariat would establish the operational requirements for the Facility, including finalizing eligibility criteria, capital sources, due diligence processes, risk management and repayment terms, as well as ensuring clear linkage between financing decisions and transaction management. This work would proceed in parallel with country engagement so that potential users understand both the opportunity and the conditions attached to access.

80. The Secretariat would undertake the staffing, guidance and change management actions required to implement the Policy and financial management framework effectively. As the operating model evolves, this will require strengthened capacity across the Secretariat, not limited to procurement, finance, legal, risk management, and country engagement functions.

14. Phase 2: Country and Buyer Engagement (Second Half of 2026)

81. This phase would be focused on country engagement, integrating NGFP into routine processes such as grant management dialogue, integrated supply planning, public financial management, and discussions on co-financing, sustainability and transition.

82. Experience to date shows that enabling access to NGFP, particularly where national procurement laws may treat pooled procurement as sole sourcing, requires structured engagement with governments and clearer country-facing support. The Global Fund would therefore work with countries and partners, including multilateral development banks and bilateral donors, to help navigate legal, procedural and financing barriers and ensure that countries can credibly assess NGFP, alongside other pooled procurement mechanisms, as a viable procurement option.

83. In addition to country buyers, Global Fund would work to negotiate and formalize arrangements with priority pooled procurement partners, beginning with African regional entities and other mechanisms where engagement is already underway, progressing further on the collaborative procurement journey, aligned with capacity building activities supported through the NextGen Market Shaping Strategic Initiatives for GC7 and GC8. This would involve defining operating models, confirming standards and controls, and establishing the legal and operational arrangements required for implementation.

84. Where there is country demand and, on a case-by-case basis, the Global Fund would make pre-financing available for transactions in 2026 to validate financial processes, controls and reporting systems; liquidity management and repayment dynamics.

15. Phase 3: Scale-up (January 2027, GC8 implementation)

85. By 1 January 2027, the Secretariat would have operationalized:

- A scaled and fully embedded pre-financing facility, building on earlier phases of operationalization and initial implementation, subject to a successful resource mobilization and capitalization of the Facility;
- Established collaborative procurement partnerships with one or more African pooled procurement entities (through onboarding as NGFP Buyer on PPM/wambo.org and/or offering selected products through their platforms); and
- Strengthened internal capacity, systems and processes across the Secretariat.

86. Scale-up would continue to be phased and demand-driven, ensuring financial sustainability and alignment with available capacity.

16. Reporting, Oversight and Continuous Refinement

87. The Global Fund Board, SC and AFC will have oversight of the NGFP policy and financial mechanism, respectively, as consistent with the SC and AFC mandates, while the Secretariat will be responsible for operationalization and implementation.
88. SC will have strategic oversight over the NGFP offering aligned with Global Fund's broader strategy, procurement-related policies & market shaping priorities and strategic direction of the offering.
89. The Board will have overall oversight over effectiveness of the underlying policy framework supporting NGFP and how it should evolve in light of the Global Fund's overall mandate and role within the global health ecosystem.
90. The Secretariat will ensure alignment of all procurement transactions with the NGFP policy. In the event that a proposed transaction remains mis-aligned with scope of the policy, in order to move forward with a transaction, it will need to be escalated for governance-level review and approval.
91. Implementation of the Policy and financial mechanism will be reported through existing Procurement, Market Shaping and Financial reporting – with NGFP-related measures clearly delineated – including metrics of uptake, financial performance and flagging any risks (including financial risks). Procurement and market shaping reporting occurs annually, and financial performance reporting occurs 3x per year to the AFC.
92. In addition to the routine reporting, the SC and AFC suggested a dedicated review (at 12-18 months, and at 24 months respectively) to review policy and NGFPM implementation progress, performance, lessons learned, and opportunities for future improvement. After a review of the existing touchpoints, the Secretariat proposes a combined review to be delivered to the Board through the SC and AFC within 24 months (Q3 2028). The proposed single, integrated review will better allow the Committees and Board to understand the interdependencies between programmatic and financial considerations and risks (e.g., frequency of pre-financing uptake to prevent stockouts vs. financial stability of the NGFPM mechanism), in order to further tailor the offering based on evolving country and regional needs,
93. The combined reporting cadence to the Committees and Board is proposed as:

- **March 2027**:
  - (SC) NextGen Market Shaping Report (including update on collaborative procurement partnerships e.g. regional pooled procurement mechanisms)
  - (AFC) Annual Procurement Report (including update on NGFP uptake) + Financial Performance Update (including segregated NGFP financials)
- **May 2027:**
  - (Board) Annual Procurement Report and Market Shaping Report (including update on NGFP uptake and update on collaborative procurement partnerships, e.g. regional pooled procurement mechanisms) + Financial Performance Update (including segregated NGFP financials)

- **October 2027:**
  - (AFC) Financial Performance Update (including segregated NGFP financials)
- **March 2028:**
  - (SC) NextGen Market Shaping Report (including update on collaborative procurement partnerships e.g. regional pooled procurement mechanisms)
  - (AFC) Annual Procurement Report (including update on NGFP uptake) + Financial Performance Update (including segregated NGFP financials)
- **May 2028:**
  - (Board) Annual Procurement Report and Market Shaping Report (including update on NGFP uptake and update on collaborative procurement partnerships, e.g. regional pooled procurement mechanisms) + Financial Performance Update (including segregated NGFP financials)
- **July 2028**: (SC/AFC) Integrated, dedicated 24-month review of the NGFP Policy and financial mechanism implementation

94. Based on early implementation experience, the Global Fund will refine operational and financial parameters over time, with updates brought back to the SC and AFC as appropriate. This phased and adaptive approach is intended to ensure that the Policy remains responsive to market conditions and country needs, while maintaining strong governance and oversight.

VI. Decision

The Board is requested to approve the Decision Point presented on page 2.

Annexes

The following items can be found in Annex:

Annex 1: Policy on Non-Global Fund-financed Procurement through PPM/wambo.org

Annex 2: Summary of Committee Inputs (SC30 and AFC30)

Annex 3: Historical Non-Global Fund-financed Procurement

Annex 4: Summary of other global/regional health pooled procurement mechanisms

Annex 5: Detailed rationale for why selected policy positions are maintained

Annex 6: Approach to managing NGFP Buyers' preferences

Annex 7: Risk Management Approach for Scaled Use of NGFP

Annex 8: Overview of Operational Framework for NGFP

Annex 9: Relevant past Board decisions

Annex 10: Links to Relevant Past Documents & Reference Materials

Policy on Non-Global Fund-financed Procurement through the Pooled Procurement Mechanism (PPM) / wambo.org

July 2026

*As per Board Decision GF/B55/DP04

Contents

1. Introduction

1.1 Purpose

The Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”) plays a critical role in supporting countries’ access to affordable, quality assured health products through market shaping, pooled procurement and strategic partnerships. These approaches help address persistent supply side challenges, including high prices, limited competition, fragmented quality assurance requirements and supply chain vulnerabilities.

Central to this effort is the Global Fund’s Pooled Procurement Mechanism (PPM), which aggregates demand across countries to secure competitive pricing, reliable supply and access to quality assured health products through standardized and transparent processes. PPM is enabled through wambo.org, the Global Fund’s hosted procurement platform.

As part of its broader approach to collaborative procurement, the Global Fund allows certain buyers to access PPM using non-Global Fund financing. This access is increasingly important as countries advance along sustainability and transition pathways, including reduced or concluded Global Fund financial support, while continuing to require affordable and reliable access to essential health products.

This Policy on Non-Global Fund-Financed Procurement (NGFP) through PPM/wambo.org (the “Policy”) establishes the principles under which NGFP Buyers may use non-Global Fund financing to access quality assured health products at sustainable prices. The Policy provides a framework to maintain product access during transition, support long term sustainability and enhance cost effectiveness by offering a clear, efficient and competitive procurement option.

1.2 Scope

This Policy covers all NGFP transactions through PPM/wambo.org.[1] Such transactions must comply with this Policy and the operational framework[2] established for non-Global Fund-financed procurement.

[1] For clarity, in contrast, Global Fund Financing refers to the unrestricted and restricted financial resources administered by the Global Fund, whether unallocated or allocated to Global Fund Country Allocations, Catalytic Investments or other Board-approved uses of funds, excluding the restricted assets and liabilities of the Non-Global Fund Financed Procurement Mechanism.
[2] The operational framework refers to the detailed regulations, procedures, IT system, etc. the Global Fund uses to execute and manage the NGFP operations, in alignment with the overall NGFP Policy and other relevant Global Fund policies.

1.3 Authority

The Executive Director is responsible for establishing and maintaining the operational framework, including the regulations, procedures, IT systems and guidance, necessary to implement this Policy. The Executive Director is also responsible for establishing and maintaining appropriate risk-based controls and monitoring arrangements for NGFP, commensurate with the scale, complexity and risk profile of these activities. The Executive Director may delegate the authority considered appropriate for the implementation of this Policy to Global Fund personnel.

1.4 Financial Management

This Policy is complemented by a financial framework developed by the Secretariat, which guides the financial management of the NGFP mechanism. The financial framework addresses the management of three core financial elements: (i) the establishment of a segregated financial management mechanism for NGFP which will apply the principles of the Comprehensive Funding Policy, including management of foreign exchange risk, liquidity and cash, to a separate pool of restricted assets and liabilities available for allocation to transactions pursuant to the Policy; (ii) the introduction of a cost-recovery fee framework to support the operating costs of the mechanism; and (iii) the establishment of a pre-financing facility within the NGFP mechanism to address one of the barriers to NGFP uptake: the inability of some governments to meet full advance payment requirements due to liquidity constraints, public financial management processes or legal restrictions.

2. Key Principles

Below are the key principles that define the applicable conditions for NGFP through PPM/wambo.org, which aim to safeguard value for money, product quality, market stability and alignment with the Global Fund's sustainability and transition objectives.

2.1 Non-Global Fund-Financed Procurement Buyers

NGFP Buyers are:

A. Government entities of countries currently receiving or which previously received an allocation for at least one disease component from the Global Fund;

B. Non-governmental organizations with operations in a country currently receiving or which previously received an allocation for at least one disease component from the Global Fund; and

C. Regional and national pooled procurement platforms, [1] or the users of such regional and national pooled procurement platforms. [2]

In each case, products may only be delivered to countries currently receiving or which previously received an allocation for at least one disease component from the Global Fund.

2.2 Products

The following sets out key provisions for products procured through NGFP mechanism.

A. **Eligible products**: These are all health products, non-health products, and services available for procurement through PPM/wambo.org.

B. **Quality Assurance**: All eligible health products must meet Global Fund's Quality Assurance requirements, as described in Global Fund's Quality Assurance Policies.[3]

C. **Innovation Access / Supply-constrained products**: Where supply is constrained for a particular product, including new or limited-availability innovations, the Global Fund will define the applicable conditions and, where relevant, the allocation of available supply between Global Fund-financed and non-Global Fund-financed procurement, prioritizing Global Fund-financed procurement needs. Such determinations will take into account programmatic needs, market stability and value for money considerations.

2.3 Third-Party Payers

Third-Party Payers are entities that provide financing for NGFP transactions but do not act as buyers. All such financing must be channeled through an eligible NGFP Buyer, who is responsible for making orders in accordance with applicable PPM/wambo.org regulations and procedures established through the operational framework.

2.4 Pre-payment Requirement

For NGFP Buyers to place an order, the Global Fund will need to have secured upfront funds for the transaction to remove risk of delayed payment to the manufacturer. Three options will be available for an NGFP Buyer to place an order through PPM/wambo.org:

[1] The legal entity hosting or managing the pooled procurement platform, which may be an intergovernmental organization, governmental entity, international or national non-government organization, may be an NGFP Buyer.
[2] Users of regional or national pooled procurement platforms must be entities identified at Section 2.1 (A) or 2.1 (B) above.
[3] The Global Fund's Quality Assurance Policies are available here: https://www.theglobalfund.org/en/sourcing-management/quality-assurance/

A. Process the pre-payment directly; or

B. Use a Third-Party Payer (e.g., a donor); or

C. Agree to a later date of payment subject to use of a Global Fund supported financing offering.

2.5 Buyer's Preference

The Global Fund will operate the NGFP channel aligned with the Global Fund's Procurement Policy, Quality Assurance Policies and other relevant Board-approved policies. To preserve economies of scale, market stability and value for money, NGFP will minimize variation from standard Global Fund specifications.

The NGFP operational framework may permit limited deviations from the standard Global Fund procurement approach to accommodate a NGFP Buyer or Third-Party Payer's preference, for example, related to location of manufacture of health products, within Secretariat-established guardrails to preserve market access, competition and value for money at regional and global levels. However, deviations from Board-approved Quality Assurance Policies cannot be accommodated.

The procurement of products in PPM/wambo.org by NGFP Buyers is subject to the agreement of relevant product manufacturers or suppliers.

3. Oversight and Reporting

The Board approves this Policy and retains strategic oversight of its implementation through its Committees.

The Strategy Committee oversees implementation of this Policy and the Audit and Finance Committee oversees the financial framework with respect to the segregated financial management mechanism for NGFP. Committee oversight does not extend to the approval of individual transactions or exceptions.

Implementation of the Policy will be reported annually through Procurement and Market Shaping reports to the relevant Committees and the Board, including information on:

A. The value of NGFP, by NGFP Buyer and product category;

B. Fees generated and costs incurred in managing non grant financed procurement transactions; and

C. Utilization of, and repayment performance under, the pre-financing facility.

Annex 2: Summary of Committee Inputs (SC30 and AFC30)

Annex 2 Part A: Extract from the Draft Report of the 30th Strategy Committee Meeting

Non-Global Fund-Financed Procurement

SC recommendation on an approach to non-Global Fund-financed procurement

***Reference Document**: GF/SC30/05 – Policy on Non-Global Fund-Financed Procurement through the Pooled Procurement Mechanism (PPM)/wambo.org*

<u>Presentation</u>

1. The Secretariat presented a proposal for scaling non-Global Fund-financed procurement (NGFP) through the Pooled Procurement Mechanism (PPM)/wambo.org, noting that while the ability to procure using non-Global Fund financing already exists as authorized under previous Board decisions, the proposal formalizes a policy that consolidates prior decisions and adds new elements related to eligible buyers, buyer preferences, and access to innovations.

2. The Secretariat emphasized that the policy proposal responds to the GC8 priorities, fiscal constraints facing countries, and evolving market challenges and highlighted that NGFP can be an option to support countries to sustain access to essential health products, improve value for money, and manage procurement and supply chain risks in the context of transition and sustainability. The Secretariat noted increasing country interest and ongoing collaboration with national platforms and external partners.

3. The Secretariat indicated that implementation would proceed through a phased approach, with attention to risk management, operational readiness, and system enhancements, and with Strategy Committee oversight of policy implementation as scaling progresses.

<u>Discussion</u>

4. <u>Strategy and integration with broader market shaping</u>: Several SC members characterized NGFP as a strategically significant shift and a potential "public good," and requested greater clarity on the longer-term vision, including whether the mechanism is permanent or time-bound. Some members asked how NGFP would integrate with and complement other market shaping activities and the broader evolution of the Global Fund's role in the global health ecosystem.

5. <u>Operationalization</u>: Some SC members sought additional detail on the operational framework, including process adaptations, guardrails for supply-constrained products, and how integrated demand planning and coordinated grant and non-grant financed procurement would be supported. Some members raised concerns about operational feasibility in the prevailing OPEX environment and noted the potential resource implications for the Secretariat of providing such support at scale. One SC member highlighted the importance of system enhancements, including improvements to the wambo.org user interface, so that platform functionality does not become a constraint as use scales. Some members expressed discomfort with the authority delegated to the Executive Director and requested clearer delineation of when Executive Director decisions would be taken

independently versus in consultation with committee leadership, as well as enhanced reporting to the Strategy Committee, the Audit and Finance Committee, and the Board.

6. Complementarity with regional and national mechanisms and partners: Some members emphasized that NGFP should complement rather than substitute regional and national pooled procurement mechanisms. Several members requested clarity on how NGFP would interact with existing mechanisms and partners, including the Global Drug Facility (GDF), and encouraged learning from established pre-financing facilities.

7. Governance and oversight: Several SC members requested the policy outline clear guardrails around different risks and stronger governance assurance. One SC member suggested a scheduled review point to enable course correction based on early lessons.

8. Buyer eligibility and preferences: Some members queried buyer eligibility, including the treatment of private sector entities and the implications for emerging pooled procurement mechanisms. Some members also requested written assurances and greater clarity regarding the approach to buyer preferences, including sensitivities regarding country of origin and the need to avoid nationality-based manufacturing preferences.

9. Quality assurance: Some members underscored that QA requirements should remain firm, while also encouraging an appropriately ambitious risk appetite for innovation and an iterative approach to implementation. Some members emphasized that NGFP may mitigate risks of countries procuring non-quality-assured products or paying materially higher prices through less competitive channels.

10. Non-financial barriers: Some members highlighted that non-financial barriers through national legal and regulatory requirements could be significant constraints on uptake and encouraged a systematic and proactive approach to supporting countries to address these barriers.

Secretariat Response

11. Strategy and integration with broader market shaping: The Secretariat reiterated that the rationale for scaled use is to expand access to quality-assured and affordable life-saving health products, while also supporting countries and regions toward more resilient and sustainable solutions. It noted the importance of providing countries with sufficient assurance of longevity given typical lead times for product delivery and linked sustainability of the mechanism to continued ability to shape markets for core HIV, TB, and malaria (HTM) products. The Secretariat indicated that the future would be informed by country needs and that discussion of long-term vision is best situated within broader governance discussions on the Global Fund’s role in the evolving global health ecosystem.

12. Operationalization: The Secretariat noted that the policy establishes direction and principles which would inform the operational framework, development of which will take into account input from the Committee and engagement with partners. The Secretariat emphasized that OPEX pressures are expected to persist and described the fee structure as intended to sustain and preserve the capability, rather than generate revenue. It further noted that certain ongoing requests and transactions, including from the United States, World Bank, and Africa CDC, would proceed under the existing 2022 Board decision to minimize impacts on operational transactions in the pipeline; the updated policy principles

would apply to new requests and transactions following the Board decision in July 2026. . On the Executive Director's delegation of authority in the decision point to operationalize the policy, the Secretariat noted that it is consistent with his role to manage all aspects of the Secretariat's operationalization of Board-approved policies.

13. Complementarity with regional and national mechanisms and partners: The Secretariat described ongoing collaboration with national procurement mechanisms and regional partners and referenced examples of collaborative approaches, such as tender collaboration with PAHO. The Secretariat emphasized that the approach is intended to build regional and national capacity, recognizing different stages of maturity across contexts. The Secretariat indicated that some TB products have been available through PPM/wambo.org alongside continued collaboration with GDF and referenced complementary joint actions to mitigate supply chain impacts and potential stock-outs.

14. Governance and oversight: The Secretariat clarified that the Committee would be informed of progress and risks through the annual market shaping report and through the risk management framework and that a deeper review would be more relevant in approximately 12–18 months. It also highlighted other potential avenues for information sharing, such as through an OIG advisory. It also clarified that oversight and monitoring of pre-financing would be discussed with the Audit and Finance Committee given the distinct risk profile and rule set.

15. Buyer eligibility and preferences: The Secretariat indicated that private sector buyers would not be considered at this stage due to complexity, while noting mapping of emerging pooled procurement mechanisms and ongoing conversations on how to work with them. It also indicated that buyer preference requests would be reviewed on a case-by-case basis, with differentiated review depending on feasibility, and that the policy is intended to provide a clearer basis for handling such requests.

16. Quality assurance: The Secretariat underscored that QA standards would not be compromised and acknowledged that while scaling and pre-financing introduce risks, these should be weighed against existing real-time including potential near-term commodity shortfalls and materially higher costs through intermediaries.

17. Enhancements for the Board decision: The Secretariat outlined additional elements to be included in the Decision Paper for Board consideration in July 2026, including: further detail on the risk management approach; an outline of key components of the operationalization framework; proposed guardrails including the authority delegated to the Executive Director; differentiated NGFP reporting to strengthen Committee/Board oversight; and expanded detail on the approach to managing buyer preferences.

Decision:

The Strategy Committee unanimously approved GF/SC30/DP01: Non-Global Fund-Financed Procurement Policy.

Annex 2 Part B: Extract from the Draft Report of the 30th Audit and Finance Committee Meeting

Non-Global Fund-Financed Procurement

Reference Documents:

GF/AFC30/08A - Annual Procurement Report

GF/AFC30/08B - Policy on Non-Global Fund-Financed Procurement

Presentation

1. The Secretariat presented a proposal for scaling non-Global Fund-financed procurement (NGFP) through the Pooled Procurement Mechanism (PPM)/wambo.org. While countries have been able to procure through PPM/ Wambo.org using non-Global Fund financing since the 2017 Board decision, the proposal represents a plan to expand the existing capability and introduce three new features which will support non-Global Fund financed procurement at scale: (1) segregated financial architecture, including from core grant resources and separate asset-liability management; (2) cost-recovery approach; and Pre-Financing Facility, and; (3) introduction of a pre-financing facility.

2. The Secretariat emphasized that the policy proposal responds to the GC8 priorities, fiscal constraints facing countries, and evolving market challenges and highlighted that NGFP can be an option to support countries to sustain access to essential health products, improve value for money, and manage procurement and supply chain risks in the context of transition and sustainability. The Secretariat noted increasing country interest and ongoing collaboration with national platforms and external partners.

3. The Secretariat highlighted the evolution of NGFP as a distinct line of operation, with segregated asset-liability management, dedicated governance, and strong internal controls to safeguard core resources. The model will be predominantly pre-paid, supplemented by a limited and carefully controlled pre-financing facility to help address the regulatory or legislative barriers that prevent countries from pre-paying for orders. The Secretariat presented the cost-recovery principles it will apply, including appropriate administrative fees and pre-financing fees to ensure financial sustainability without generating profit, with a breakeven point estimated at approximately US$500 million in transaction volume.

4. The Secretariat highlighted the proposal as a complementary mechanism to expand country access to quality-assured and affordable health products in a context of tightening financial constraints and evolving country contexts, whilst providing a collaborative and enabling tool to support the strengthening of regional and national procurement platforms. Additional considerations to support the operationalization, such as enhancements to wambo.org to improve user experience, and operational efficiency as volumes grow, were also presented. A review of NGFP policy operationalization is proposed within twelve to eighteen months, whilst the pre-financing facility would be subject to a longer review timeline of twenty-four months to capture lessons learned and make adjustments as necessary. The Secretariat will also provide updates within relevant existing routine reports to governance.

5. The Secretariat summarized the SC's discussion and the pathway to Board consideration, noting that the Board decision paper would provide further clarity on the risk management approach, the operational framework, the Executive Director's role in operationalization, and additional detail on operational guardrails including those related to buyer choice.

AFC Discussion

6. The AFC Chair commended the Secretariat for its responsiveness to prior feedback and the quality of the materials presented. AFC members commended the joint SC/AFC paper submitted by the Secretariat and broadly welcomed the evolved mechanism. Members expressed strong support for its strategic direction, while raising substantive questions across a number of themes. The AFC Chair noted that a twenty-four-month review timeframe for the financing facility would be prudent, and that a clear steer from the AFC on the pathway to the Board for decision in July 2026 would be valuable. The AFC Chair also highlighted the importance of reputational risk management, noting that countries using their own funds rather than donor resources may bring different expectations and levels of scrutiny to the mechanism.

7. **Governance, risk ownership and financial policy alignment:** Several members sought clarity on who owns the various risks associated with the mechanism, including financial, procurement and operational risks, and asked whether these are Board-level, MEC-level or functionally owned. One member sought confirmation that establishing the pre-financing facility does not contradict existing Global Fund financial policies, in particular the Comprehensive Funding Policy (CFP). One member asked for clarity on the managing body and membership of the mechanism, including how potential conflicts of interest would be identified and managed. Members also noted the importance of clear and regular reporting to the AFC, SC and the Board on the facility's performance and one member asked about the timeline for reporting.

8. **Demand forecasting and operational capacity:** Several members emphasized that the financial viability of the mechanism depends critically on the quality of demand forecasting, noting that demand will not be tied to Global Fund allocations and is therefore less visible and predictable.

    a. Members asked how demand forecasting would be developed, governed and integrated into the facility's design before it becomes fully operational, and questioned whether the modeling assumptions are sufficiently robust given this uncertainty.

    b. One member asked about the extent to which countries and implementers had been engaged in the design process to validate demand estimates.

    c. Some members asked about the level of operational capacity including commercial and procurement skillsets, in addition to those required to assess credit risk at the level needed to manage the mechanism at scale, and where within the Secretariat this capacity would sit.

9. **Financial risk, fees and foreign exchange:** Several members raised questions on the financial risk architecture of the mechanism, including;

    a. Members requested clarity on three areas of risk: credit and non-payment risk;

contracting and foreign exchange risk; and who provides initial working capital for the pre-financing component.

b. Another member noted that while pre-paid transactions largely eliminate these risks, the pre-financing component introduces credit exposure and asked what proportion of total volumes is anticipated to be pre-financed.

c. One member asked about the composition and adjustment mechanism for the percent fee range, including whether a flat rate applies, whether fees are risk-differentiated by country, and whether concessional rates are available for lower-income countries. Another member emphasized the importance of transparency in fee adjustments, noting that countries need sufficient advance notice to plan their budgets.

d. One member asked whether a buffer fund or hedging mechanism to reduce the financial burden on countries from exchange rate fluctuations had been considered.

10. **Country engagement, equity and regional systems:** Several members placed strong emphasis on ensuring the mechanism remains affordable, flexible and responsive to the financial realities of lower-income and transitioning countries and cautioned that the pre-financing facility should not create unsustainable debt burdens.

    a. One member raised the risk that countries with more mature financial systems may be systematically favored under eligibility criteria and asked how this would be mitigated.

    b. One member noted that national procurement regulations in many countries may constrain access to the mechanism and asked how engagement with countries and national authorities on these barriers would be structured.

    c. Members also called for greater clarity on how the mechanism builds, rather than competes with regional and national procurement platforms, and asked whether a white-label model enabling the mechanism to function as shared infrastructure for existing platforms had been considered.

11. **OPEX Implications, resources and review framework:** One member requested specificity on the OPEX implications of establishing and operating the mechanism and asked for explicit costing of the implicit trade-offs involved, including staffing costs and administrative burden, to avoid surprises as the mechanism scales. One member asked whether the proposed twenty-four-month review constitutes a pilot and sought clarity on how the review timeline aligns with the three-year GC8 cycle. One member encouraged consideration of incentive structures to ensure the mechanism supports disease outcome impact, not merely financial cost-neutrality.

Secretariat Response

12. **Governance, risk ownership and financial policy alignment:** The Secretariat confirmed that risk ownership follows the standard organizational accountability structure: financial risk sits with the Chief Finance Officer, procurement and market risk with Supply Operations, risk oversight with the Chief Risk Officer, and third line assurance with OIG and the external auditors. The mechanism will be operationalized and managed by the Secretariat, overseen by the ED, integrated into existing internal governance platforms like the

GF-ALM committee rather than a standalone management board. The Secretariat confirmed that the CFP prohibits borrowing or lending to fund the Global Fund's own operations. Board approval of the NGFP policy and financial management mechanism will establish it as a special purpose mechanism under CFP principles, with a segregated pool, decoupled from grant cycles and benefiting from the same ALM safeguards that apply to core HTM operations, including an obligation to convene an emergency meeting with the AFC if liquidity falls below six months. Financial reporting to the AFC and Board will be at the same cadence as other Global Fund financial reporting, consistent with the approach taken for C19RM. On conflicts of interest, the Secretariat confirmed that the Ethics Office, Risk function and Supply Operations work together on such risks and are actively monitored.

13. **Demand forecasting and operational capacity:** The Secretariat acknowledged that demand forecasting is a critical dependency and described a three-track approach: strategic engagement with bilateral programs to leverage NGFP through PPM/wambo.org, where forecasting visibility is stronger; integrated planning with countries aligned to grant cycles; and a residual ad-hoc component to respond to emergencies. The Secretariat confirmed that active conversations with the World Bank and other multilateral partners are underway to address national policy and legislative constraints that limit country access. On operational capacity, the Secretariat noted that NGFP has been operational since the Board's approval in 2017 and that existing teams in Finance and Supply Operations have relevant capabilities. The Secretariat confirmed that Finance teams have been built with commercial-grade credit risk capabilities over the past eight years, but that additional resourcing will be required as the mechanism scales, noting that the additional capacity required was being assessed jointly across functions.

14. **Financial risk, fees and foreign exchange:**

    a. On credit risk, the Secretariat noted that the Global Fund's structural position as a grant provider significantly strengthens its collateral position: countries receiving grants of materially greater value than any pre-financing credit are strongly incentivized to repay, and the Secretariat would retain the ability to withhold grant disbursements in cases of non-compliance. On foreign exchange, the Secretariat acknowledged this as a significant and work-in-progress consideration, and outlined country-specific approaches under consideration, including local currency deposit arrangements.

    b. The Secretariat estimates that approximately eighty percent of anticipated transaction volumes would be pre-paid, with pre-financing representing the remainder.

    c. On fees, the Secretariat confirmed its intent to be fully transparent in operationalizing the cost-recovery fees approach, noting that it will be scalable and volume-dependent rather than flat, with the breakeven point at approximately US$500 million in annual transaction volume. Fee adjustments will be managed with transparency and with sufficient advance notice to countries.

    d. The Secretariat confirmed that a buffer fund or hedging mechanism remains under consideration but has not yet been finalized.

15. **Country engagement, equity and regional system:**

   a. The Secretariat confirmed that the country's eligibility for the pre-financing facility will be managed with care and noted that the facility will focus where liquidity constraints rather than creditworthiness are the primary barrier. Countries with access to commercial finance will generally be directed to existing banking channels; countries in challenging operating environments where repayment capacity is uncertain, may not be eligible.

   b. The Secretariat acknowledged the risk of uneven uptake due to national procurement regulations and confirmed ongoing work with Africa CDC, the World Bank and other partners to help countries amend legislation where needed.

   c. On regional platform collaboration, the Secretariat confirmed that NGFP is intended to operate alongside existing mechanisms and referred to ongoing engagement with Africa CDC and to existing collaboration with PAHO and other mechanisms, including joint tendering for select products.

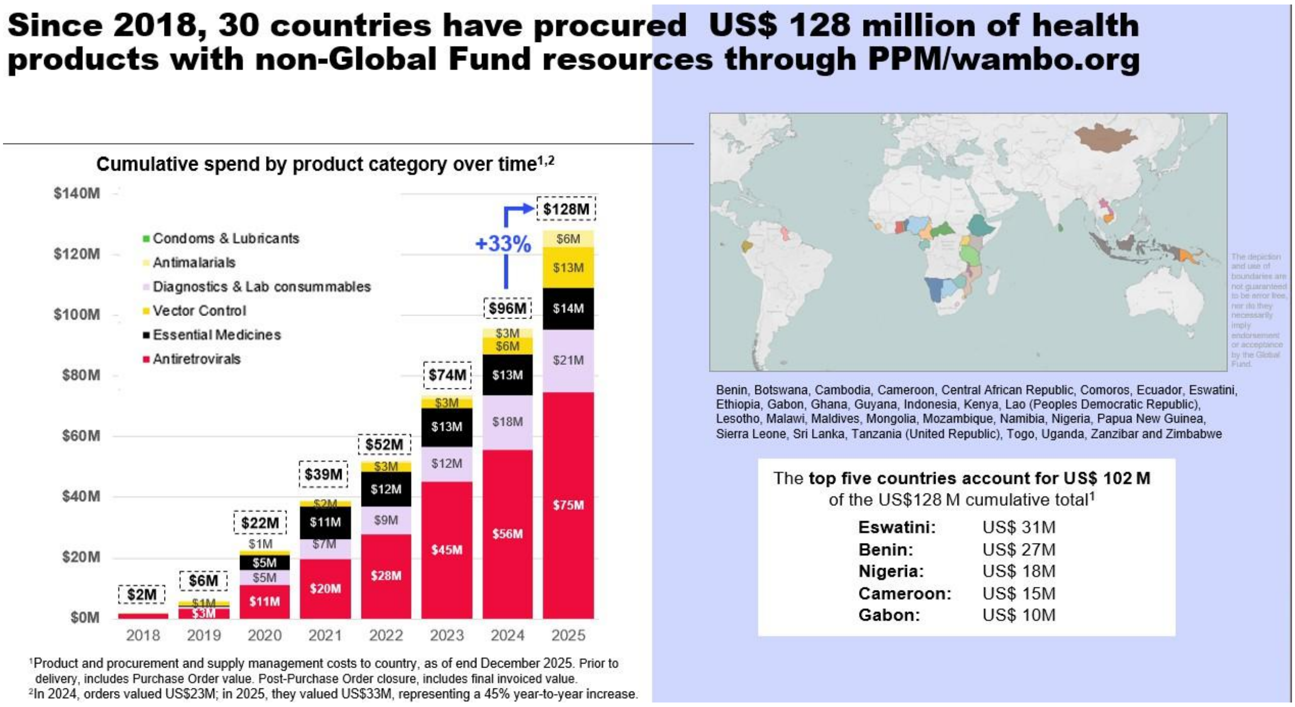
16. **OPEX implications, resources and review framework:** The Secretariat confirmed that **start-up cost** is in the range of approximately US$5 to US$10 million initially, rising if the mechanism scales significantly, and committed to bringing updates to the Committee if that threshold is materially exceeded. The fee structure is designed to offset these costs, with the objective of approximate neutrality to core OPEX over time. Any potential OPEX impact will be noted in the 2027-2029 Budget cycle to be presented at the 31st AFC meeting in October. The Secretariat clarified that the pre-financing facility is not proposed as a pilot but that a structured review process with continuous improvement is built in, including annual audits and an OIG review within the first three years, to support informed decisions on refinements.

<u>Conclusion</u>

17. The AFC Chair closed the session by congratulating the Secretariat on the quality of the work and the responsiveness demonstrated throughout the process. He noted the mechanism as an important innovation in the Global Fund's toolkit for supporting access and sustainability and emphasized the need to manage risks carefully as the mechanism scales.

18. The AFC recommended approval of the Board Decision Point GF/AFC30/DP02: Non-Global Fund-Financed Procurement Mechanism. The Private Foundations constituency abstained, citing ongoing discussions related to their support for the pre-financing facility.

Annex 3: Historical Non-Global Fund-financed Procurement



Illustrative direct-order countries and entities to date include Benin, Central African Republic, Comoros, Ecuador, Eswatini, Gabon, Guyana, Laos, Mongolia, Namibia, Nigeria, Papua New Guinea, Sri Lanka, Togo and Zanzibar.

Additional countries and pooled entities have expressed interest or entered preliminary discussions, including Africa CDC/APPM and SADC-related structures.

Annex 4: Summary of other health pooled procurement mechanisms

As part of the development of the Policy update, the Global Fund engaged in a landscaping exercise across several high volume global and regional pooled procurement mechanisms. Some overall trends on key policy areas include:

- **Product Volume and Scope**: Most of the pooled procurement mechanisms landscaped offer a large range of potential products to buyers (across vaccines, medicines, diagnostics, equipment), but tend to have bulk of the volume/value of procurements heavily concentrated in targeted areas (e.g., PAHO/UNICEF on vaccines, UNDP on medicines, UNOPS on equipment, GDF on tuberculosis medicines and diagnostics)
- **Procurement Management / Market Shaping Approach**: PAHO and UNICEF conduct intensive, annual supply planning exercises with national buyers, and regularly update rolling longer-term global/regional forecasts to inform multi-year agreements with manufacturers. UNDP and UNOPS operate more on a project-specific basis which provides the high-level volume/funding parameters that they use to establish agreements with manufacturers.
- **Buyer eligibility**: Most pooled procurement mechanisms tend to center their focus on procurement for donors (e.g., UNICEF and GAVI) or domestic governments (either with multilateral development bank funding or domestic funding), with some providing eligibility for NGOs. Limited eligibility to date for private sector health providers through large pooled procurement channels, though emerging private pooled procurement mechanism players are starting to address this demand.
- **Quality Assurance**: Global pooled procurement mechanisms (e.g., UN Agencies) rely primarily on WHO PQ and Stringent Regulatory Authority standards for medicines/vaccines, though some have begun to explore leveraging national benchmarks for regulatory agencies meeting ML3/ML4 standards. PAHO relies heavily on decisions from most mature regulators within their region.
- **Regional/local manufacturing preferences**: PAHO as regional entity heavily preferences regional manufacturing (leverages its capital account to support volume guarantees/price subsidies). UNICEF also supports advancement of African vaccine manufacturing through GAVI's market shaping approach to African manufacturing. Other UN pooled procurement mechanisms do not give significant consideration other than taking into account total landed costs.
- **Transaction fees**: All pooled procurement mechanisms landscaped charge a fee to cover the costs of utilizing their procurement and delivery service, ranging from 3-8%. PAHO charges a fixed fee regardless of product (with some used to cover core transaction costs, and other to cover pre-financing and market shaping); UNICEF charges a fixed fee that is differentiated by product category, and UNDP/UNOPS take a bespoke approach aligned to total activity costing across their integrated services, with some baseline guidelines for the procurement-specific activities.
- **Pre-financing**: PAHO and UNICEF both have established pre-financing facilities used to support domestic buyers – both indicate the main advantage of usage is to smooth out the timing of ordering to ensure reliability of supply in country. UNDP/UNOPS do not utilize pre-financing for most transactions given the majority of financing sources for their health procurement work is derived from donor sources (a mix of bilateral and multilateral).

Annex 5: Detailed rationale for why certain current policy component are maintained in the NGFP Policy

Eligible Products (continuity of existing model)

- The wambo.org catalogue comprises a large and continuously evolving portfolio of health and non-health products. Under the current NGFP model, Buyers can access the full product catalogue and the same pricing and supplier arrangements as those available for Global Fund grant-financed procurement.
- The Policy maintains this scope of eligible products, subject to supplier agreement. Maintaining this broad scope preserves flexibility and usability for countries and partners, ensuring continued access to a comprehensive range of health products and related services. Alternative approaches, such as narrowing the scope to core health products or expanding beyond the current catalogue, were considered but not recommended, as they would either reduce the attractiveness of the mechanism or introduce unnecessary operational complexity and risk diluting focus.

Quality Assurance (continuity of existing model)

- The Global Fund's Quality Assurance (QA) Policies[19] define the standards and processes used to ensure that all health products procured are safe, effective and of assured quality, including requirements for regulatory approval, manufacturing standards and ongoing quality monitoring. These policies are a core component of the Global Fund's procurement approach and underpin confidence in the products supplied through PPM/wambo.org.
- All NGFP transactions will continue to be subject to the Global Fund's QA Policies, regardless of funding source or buyer type. This ensures consistent product quality, safety and program integrity across all procurement channels. Allowing differentiated QA standards was considered but rejected due to the risks of fragmentation, reputational exposure and reduced confidence in the mechanism.

Buyer vs Payer Roles (continuity of existing model)

- The Global Fund's procurement model distinguishes between Buyers, who are responsible for executing procurement transactions, and third-party payers, who may finance those transactions. This distinction is a core feature of the NGFP and PPM/wambo.org and supports clear accountability, governance and alignment with country program priorities.
- Under the Policy, this approach is maintained. Buyers are responsible for placing orders through PPM/wambo.org, acting as the contracting entity. Third-Party Payers, including bilateral and multilateral donors, development banks, foundations, private companies and other financing entities, may provide funding but do not act as Buyers and must designate a Buyer to transact.
- Maintaining this separation ensures that granular procurement execution remains anchored in national systems and priorities, while enabling flexibility in financing arrangements and participation from a wide range of partners. It also draws clear distinction between grant and non-grant contributions for those entities who also directly contribute to Global Fund to grants.

[19] Available here: https://www.theglobalfund.org/en/sourcing-management/quality-assurance/

Annex 6: Approach to managing NGFP Buyer's preferences

Unless permissible under the operational framework on the basis that the request is limited in scope and does not materially depart from or undermine the applicable standards (e.g., requests for 30-day packs instead of 90-day packs), exceptions to account for buyer-specific preferences which deviate from the standard procurement approach may be approved on a limited, time-bound basis where justified, consistent with the NGFP Policy's objectives, and where no reasonable alternative exists. The Executive Director is authorized to approve these deviations in accordance with the NGFP operational framework and may delegate this authority as appropriate. All approved deviations must be documented, justified and subject to a risk-based assessment.

The NGFP operational framework will outline guardrails to preserve market access, competition, and value for money at regional and global levels to guide approval of deviations. No exceptions may be granted to the Global Fund Quality Assurance Policies, which remain mandatory for all health products.

Deviations will be centrally tracked, with material or higher-risk deviations, including those with potential implications for market dynamics, financial exposure or policy integrity, reported through annual Procurement and Market Shaping reports to the relevant Committees and the Board. Lower-risk operational deviations will be managed at the Secretariat level and made available for review through internal assurance and oversight mechanisms.

See Table A6.1 below for specific examples.

Table A6.1: Examples of how key Buyer Preferences will be approached by the Secretariat

	Examples of Buyer's Preferences	Approach	Key Rationale
Product Preferences	1. Country requesting only 30-day packs (instead of 90/180-day packs)	Permissible as long products are available on PPM/wambo.org.	❑ Secretariat undertakes efforts to consolidate the number of SKUs to generate additional scaled benefits and lower costs through standardization. ❑ Permissible deviations depend on the type and potential implications and the Buyer accepting longer lead times and additional costs.
	2. Country requiring custom packaging/labelling or specific colors of insecticide-treated nets	May not be permissible if overall cost and lead-time impact is too significant, including knock on impact on other procurement transactions.	
	3. Country requiring a specific logo on NGFP products	Not permissible, except for national regulatory requirements.	
Geographic Preferences	1. Buyer requiring procurements only from a single country of origin	Conditional if: A. in line with the principles set out in the Procurement Policy, B. and only permissible if such preference can be managed across the PPM/wambo.org supply base and will not lead to market distortion.	❑ Uphold principles set out in the Procurement Policy to mitigate potential reputational risks. ❑ PPM needs to sustain access and affordability of health products by nurturing healthy and competitive markets
	2. Buyer requiring that products not be sourced from a specific country		
	3. Buyer requiring products produced in a specific region		
Alternative QA Standards	1. Buyer requesting products meeting MLA3/AMA standard opposed to stringent regulatory approval (SRA / WLA)	**No deviations** to Global Fund QA policies are permissible for either grant or non-grant financed procurement.	❑ Strategically not aligned with access to quality assured, affordable health products. ❑ PPM/wambo.org is not able to host different QA standards due to operational and security risks as well as potential reputational and other risks that this could create.
	2. Buyer requesting products that meet national QA standard only		

Annex 7: Risk Management Approach for Scaled Use of Non-Grant Financed Procurement

A. Purpose and Strategic Context

1. The proposed expansion of NGFP and the establishment of the Global Fund's Non-Grant Financed Procurement Mechanism (NGFPM) represent a significant evolution from a limited operational channel into a scalable strategic mechanism supporting continuity of supply, access to quality-assured health products, market shaping, and transition objectives. The enhanced model introduces expanded buyer eligibility, segregated financial arrangements, formalized cost recovery, and the possibility of pre-financing modalities.
2. As the model scales, the institutional risk profile also changes materially. The most significant risks arise not only from individual transactions, but from the cumulative effects of financial exposure, liquidity utilization, operational scaling pressure, supplier and buyer concentration, and broader legal, governance, and reputational considerations. The introduction of pre-financing further expands the risk profile by creating direct exposure to repayment, liquidity, foreign exchange, and counterparty risks.
3. The purpose of this annex is to establish an overarching risk management approach for scaled NGFP operations, including NGFPM, aligned with the Global Fund's existing Enterprise Risk Management and Risk Appetite Frameworks. The approach builds on the maturity of the Global Fund's existing enterprise risk management architecture, including the three lines model, and intends to leverage and apply the organization's established governance, operational risk management, and assurance arrangements to the evolving NGFP model.

B. Key Risk Considerations

4. Scaled use of NGFP has the potential to strengthen procurement continuity, expand access, and support broader market-shaping objectives. However, the mechanism also introduces a substantially more interconnected and complex institutional risk profile than traditional grant-financed procurement.
5. The Secretariat has undertaken a comprehensive risk assessment of the proposed NGFP model, including NGFPM. The principal risks have been grouped into six broad categories as summarized below. The proposed risk management approach is designed to address these risks through a combination of governance oversight, financial safeguards, operational controls, transaction-level due diligence, and ongoing monitoring and escalation mechanisms.

Table A7.1: Principal Risk considerations for scaled NGFP

Risk Area	Key Risk Considerations
Strategic & Reputational	Mandate expansion, market distortion concerns, unmet stakeholder expectations, and service delivery failures could adversely affect confidence in the mechanism and the Global Fund.

Risk Area	Key Risk Considerations
Financial & Fiduciary	Financial Access to the Mechanism, Commingling and Financial Exposure, Financial Sustainability and Opex, Foreign Exchange, and Default Risk could adversely affect the financial integrity, scalability and long-term viability of the mechanism
Health Product Procurement	Demand uncertainty, supplier and Procurement Service Agent capacity constraints, buyer relationship management, and sourcing continuity may affect reliable access to quality assured health products as volumes scale
Operational & Technology	Increased transaction complexity, operational readiness, Wambo platform and systems integration, process maturity gaps, and staffing constraints may impact efficiency, control effectiveness, and service quality.
Governance, Legal & Compliance	Expanded buyer eligibility and financing arrangements introduce additional legal, compliance, accountability, assurance, and decision-making complexities.

C. NGFP Risk Management Approach

6. The proposed approach is intended to ensure that NGFP expansion remains phased, disciplined, and aligned with institutional capacity and governance maturity. The objective is to support strategic expansion while preserving financial integrity, operational discipline, supplier confidence, and institutional credibility. The framework also provides flexibility to calibrate the pace and scale of implementation as operational, financial, market, or strategic conditions evolve.
7. NGFP is intended to operate as an *integrated institutional model* that combines strategic governance, financial safeguards, operational controls, transaction-level due diligence, portfolio oversight, assurance arrangements, and continuous monitoring.
8. The framework is *aligned to the Global Fund's Risk Appetite Framework* ensuring that NGFPM activities remain capable of operating within approved institutional tolerances and that governance bodies retain flexibility to calibrate exposure levels as the mechanism matures. This approach is intended to support structured decision-making, trade-offs, and escalation processes across different categories of risk.
9. A foundational safeguard is the establishment of a *fully segregated financial structure for NGFPM activities* intended to protect the organization's core balance sheet and Asset and Liability Management while supporting clearer accountability, monitoring, and governance. All resources associated with the mechanism, including pre-paid funds, revolving working capital, cost-recovery fee income, guarantees, and other risk-sharing arrangements, would be managed separately from core Global Fund grant resources. A *formal loss absorption hierarchy* will further define how repayment failure or other financial stress events will be managed.
10. The framework also introduces *risk-reflective pricing arrangements* intended to support long-term operational sustainability and recovery of financing and risk management costs over time.

11. All transactions would undergo *risk assessment and due diligence* proportionate to their complexity and exposure profile. While pre-paid transactions primarily involve procurement and quality assurance considerations, pre-financed arrangements introduce additional liquidity, repayment, foreign exchange, operational, and governance risks. Specific *quantitative guardrails* such as aggregate pre-financing limits, buyer and country concentration thresholds, and minimum liquidity buffer requirements will be established and calibrated as institutional experience and operating conditions evolve.
12. In line with Global Fund's procurement policies, to preserve scalability and operational discipline, the *framework prioritizes standardization of procurement, contracting, and assurance arrangements*, supported by tightly governed exceptions processes. Quality assurance requirements would remain mandatory across all transaction modalities and buyer categories.
13. In addition, operational framework and guidelines, and other supporting management tools, including credit assessment methodologies, transaction underwriting standards, delegated authorities, exposure limits, will be finalized before the commencement of scaled pre-financing activities.

D. Governance, Assurance, and Monitoring

14. Governance oversight will follow a differentiated model aligned to the Risk Appetite Framework and *delegated governance responsibilities established by the proposed Board Decision Point on NGFP*. The AFC will oversee the financial framework, risk exposure, and annual audited financial statements of NGFPM, while the SC will oversee strategic implementation and market-shaping objectives.
15. At management level, the Executive Director will remain responsible for operationalizing the model and ensuring appropriate controls proportionate to the scale and complexity of activities. MEC oversight will focus on implementation readiness, operational scalability, cross-functional risk management, and escalation of emerging stress indicators.
16. Transaction-level risk assessments for pre-financing transactions will be supported through a cross-functional review comprising representatives from Grant Management, Finance, Supply Operations, Legal, and Risk. Detailed delegated authorities, escalation arrangements, and decision-making protocols will be established as part of operationalization.
17. The A*ssurance Model* will operate as a single integrated Global Fund framework incorporating existing internal controls, external audit arrangements, OIG oversight, investigations, and whistleblowing mechanisms. Buyer reliance on Global Fund assurance systems will be formalized contractually to avoid fragmented and operationally unsustainable buyer-specific oversight structures.
18. Management will establish an NGFP monitoring framework supported by key risk indicators, reporting arrangements, and escalation thresholds proportionate to the scale of the mechanism. Reporting will support timely management intervention and provide governance visibility where exposures approach or exceed approved tolerances.

Annex 8 – Overview of Operational Framework

In line with the proposed Board decision paper, the Secretariat will develop an operationalization framework following Board approval of the comprehensive NGFP Policy. The approach outlined across the operationalization framework will observe three key principles:

- Effective and efficient operations
- Clarity on accountability, roles and responsibilities
- Embedded risk management

The framework will include but is not limited to the following components:

- **Standard Operating Procedures**: The operational framework will outline a set of key processes that must be established or updated to support the scale-up of NGFP activities, including how they connect to existing processes within the Secretariat. These processes include: a) demand forecasting; b) selection and onboarding of eligible buyers and their respective payers (if different); c) requisition, purchase order and delivery management; d) financial reconciliation and purchase order closure; e) adjudication of buyer preferences; and f) deployment and recovery of pre-financing. Risk management protocols will be embedded into the design of each process to ensure a controlled, streamlined operation.

- **Secretariat Management Approach**: The operational framework will clearly lay out the roles and responsibilities of each team within the Secretariat that has a critical role to play in supporting NGFP implementation. The roles and responsibilities will be aligned to the Secretariat accountability framework and functional mandate. It will also lay out roles and responsibilities for eligible buyers, 3rd party payers, and procurement service agents relative to the Secretariat, and the decision-making structure for critical strategic judgements.

- **NGFP Monitoring**: The operationalization framework will outline a set of key performance and financial metrics to assess the scale and effectiveness of the NGFP offering. These metrics will be consistent with and integrated into overall Strategy KPIs on Procurement, Market Shaping and Financial Management processes reported to the Board.

- **Governance oversight and reporting**: The operationalization framework will outline the delegated authorities for operational decisions related to the management of NGFP activities within the Secretariat. It will also detail the specific reporting requirements on NGFP activities to the Board and relevant committees for oversight as part of the existing reporting mechanisms and cadence, such as annual market shaping and procurement reporting, financial management reporting, and assurances reporting to the Board.

Annex 9 – Relevant Past Board Decisions

Past Decision Point	Summary and Impact
GF/B51/DP04: Global Fund Procurement Policy Update (April 2024)	Approved a fully updated Global Fund Procurement Policy, replaced the 2008 framework, delegated implementation authority to the Executive Director, delegated authority to the Secretariat and Audit and Finance Committee Leadership to make non-material changes to the Policy and established ongoing oversight through the Audit and Finance Committee.
GF/B51/DP03: Quality Assurance Policy for Vector Control Products (April 2024)	Approved a new Quality Assurance Policy for vector control products and related equipment, strengthening assurance that products financed or facilitated by the Global Fund meet appropriate quality, safety, and performance standards. The Board also approved the establishment of an Expert Review Panel in collaboration with WHO to support expanding supply.
GF/B50/DP06: Amended and Restated Global Fund Quality Assurance Policy for Pharmaceutical Products and Amended and Restated Global Fund Quality Assurance Policy for Medical Devices (including In-Vitro Diagnostics) and Core Personal Protective Equipment (November 2023)	Approved revisions to the Quality Assurance Policy for Pharmaceutical Products. It also approved revisions to the Quality Assurance Policy for Medical Devices (including In-Vitro Diagnostics) and Core Personal Protective Equipment, replacing the Quality Assurance Policy for Diagnostics Products. The Board also delegated authority to the Secretariat, in consultation with the Strategy Committee Chair and Vice Chair, to make non-material adjustments to these two quality assurance policies and to report back to the Strategy Committee and Board on any changes.
GF/B48/DP07: Advancement of Non-Global Fund-Financed Procurement Utilizing the Pooled Procurement Mechanism and wambo.org (November 2022)	Removed the cap and authorized the ongoing use of wambo.org for non-Global Fund-financed procurement by governments and development partners, embedding this function within the Global Fund's NextGen Market Shaping framework, building on the findings from an independent evaluation.
GF/B42/DP05: Evolving the wambo.org Pilot for Non-Global Fund-Financed Orders (November 2019)	Approved an expanded pilot allowing governments and development partners to use wambo.org for non-Global Fund-financed procurement (up to $50M) with structured oversight, evaluation, and committee-level governance.
GF/B37/DP09: Wambo.org: Progress Update and Steps for Advancement (May 2017)	Approved a tightly controlled pilot allowing current Global Fund Principal Recipients to use domestic funds for procurement via PPM/wambo.org, with close monitoring by the Strategy Committee to inform the platform's long-term strategic role.
GF/B36/DP04: Amended and Restated Comprehensive Funding Policy (November 2016)	Approved an updated Comprehensive Funding Policy that aligned the Global Fund's core financial framework with its refined allocation methodology, strengthened portfolio and liquidity management, and clarified how resources are determined and managed across allocation periods.
GF/B15/DP15: Market Dynamics and Voluntary Pooled Procurement (April 2007)	Adopted the Objective and Guiding Principles for the Global Fund's Market Dynamics Strategy, endorsed the strategic model for voluntary pooled procurement, as a first element of its strategy on market dynamics, and delegated authority to the Secretariat to implement in a phased approach to for several product categories, taking into account the Global Fund's comparative advantage and the work already done by different partners.

Annex 10 – Relevant Past Documents & Reference Materials

a. Strategic Shifts for GC8: NextGen Market Shaping, GF/54/08

b. Global Fund Procurement Policy, GF/B51/20 Revision 1

c. Global Fund Quality Assurance Policy for Vector Control Products and Related Equipment, GF/B51/05

d. Global Fund Quality Assurance Policy Updates: Pharmaceutical Products and Medical Devices, including In-Vitro Diagnostics, and Core Personal Protective Equipment, GF/B50/05

e. Non-Global Fund-Financed Procurement Utilizing the Pooled Procurement Mechanism and wambo.org, GF/B48/05

f. Evolving the wambo.org Pilot for Non-Global Fund-Financed Orders, GF/B42/04 Revision 1

g. Wambo.org: Progress Update and Steps for Advancement, GF/B37/07

h. Amended and Restated Comprehensive Funding Policy, GF/B36/02 Revision 1

i. Report of Policy and Strategy Committee: Market Dynamics and Voluntary Pooled Procurement, GF/B15/06 Revision 1 [Part 2 Paragraphs 22-24, pages 10-12, and Decision Point 7 in Annex 3, pages 24-25]