

Risk Management Report

54th Board Meeting

GF/B54/13A
12-13 February 2026, Geneva, Switzerland

Board Information

Purpose of the paper: To provide the Board with an update on current and emerging enterprise risks as well as organizational risk management priorities.

Input Received

This Risk Report has been shared with all standing Committees of the Board on the organizational risk profile, key risk trends, and areas under the respective Committees' purview, as outlined in the Organizational Risk Register. The discussion at the 29th AFC focused primarily on Section III of the Risk Report, which sets out the proposed evolution of the risk management framework and risk appetite approach.

The AFC noted the continued volatility of the external environment and its negative impact on the organizational risk profile, including upward pressure on several inherent risks. The Risk Report highlighted adverse trends across selected strategic and programmatic risks, reflecting constraints in the operating environment, delivery complexity, and heightened interdependencies across partners and systems. Particular attention was drawn to risks related to program quality, partnerships, financing, and country-level delivery, as well as emerging pressures affecting staff wellbeing.

At the AFC, discussion centered on the proposed evolution of risk management presented in Section III of the Report. Members broadly welcomed the proposed risk evolution, recognizing the need to adapt the risk framework and risk appetite approach to better support risk-informed decision-making in a more volatile context. The AFC expressed support for the revised risk taxonomy, clearer escalation routes, and the move toward a more qualitative articulation of risk appetite, while emphasizing the importance of pragmatic implementation, effective change management, and retention of quantitative measures where appropriate. The Committee also underscored the need for clear operationalization, thresholds, and reporting to ensure continued effective oversight and a comprehensive view of the risk landscape.

Risk Report

I. Introduction

Over the past 25 years, strong global leadership and multilateral commitment have driven historic health gains. Since 2002, the Global Fund partnership has invested US\$69 billion, saving 70 million lives and reducing AIDS, TB, and malaria deaths by 63% in implementing countries. However, political volatility, competing donor priorities, and constrained fiscal conditions are exerting unprecedented strain on the global health architecture resulting in new strategic, fiduciary, and operational pressures that test the organization's adaptability and the resilience of its systems at every level.

The cumulative impact continues to elevate residual risk across several dimensions. Strategic, financial, and ethics-related risks are particularly sensitive to global uncertainty, while increases in programmatic risks reflect the downstream effects of conflict, climate shocks, and funding compression in partner countries.

Operational risk has increased as the Secretariat manages a demanding transformation agenda balancing the need to reduce OPEX with the need to maintain delivery focus and support workforce well-being and morale. Adding to the increasing operational risk is the planned turnover within the next year of the three top leadership positions in the organization – Board Chair/Vice-Chair and Executive Director.

All this strain and pressure results in a complex and fluid risk environment with many uncertainties about the future of global health and the fight against the three diseases. What is certain is that to achieve our mission, the Global Fund will need to take and accept greater risk, guided by sound judgment, transparency, and accountability.

To best serve the organization and our mission, the Risk Management program is evolving to help the organization focus risk management efforts on mitigating key risks and to enable the Board and Committees to make necessary risk-informed decisions that the Secretariat operationalizes. For this update, we use the new risk management program taxonomy to provide our observations on key risks.

II. Enterprise Risk Update

(a) Strategic

While the announced Eighth Replenishment outcome of US\$11.34 billion is short of the target under the Investment Case, the outcome, with more funds anticipated, demonstrates continued faith by donors and implementers in the Global Fund's mission and ability to positively contribute to adapt the global health architecture. Considering the volatile global health landscape and many uncertainties, however, there is increased risk that implementing countries will not be able to bend the disease curve and meet their sustainability commitments. For example, given that the total available funds are lower than required to meet strategic program targets, decisions must be made recognizing that greater flexibility for investment decisions at country level are needed to account for shifts in other external and domestic

financing, particularly in the most resource constrained countries. Similarly, to expand domestic resources, decisions may be taken to accept increased risk and place greater reliance on domestic public financial management and assurance systems.

The decisions made proactively by the Board and Secretariat over the past eighteen months, including policy revisions, enhancements to domestic financing pathways and changes to tools and procedures help to mitigate strategic risks and position the Global Fund to optimize funds for countries. The various strategies presented by the Secretariat in the upcoming committee and Board sessions provide options, considering risk tradeoffs, necessary to advance GC8-shaping decisions to ensure continuity of grants and operational momentum.

(b) Program

Programmatic outcome risk is trending upward across all three diseases as a result of the external shocks and fiscal constraints throughout 2025 that led to unexpected reductions in Global Fund and other external resources. Amid these challenges, however, the rollout of innovations—such as Lenacapavir, rapid TB diagnostics, and vector control tools — continues to help strengthen program resilience and mitigate risk.

The impact of GC7 reprioritization was actively managed through the reprioritization guidance document developed with inputs from partners. While the Secretariat continues to monitor and support implementation of GC7 priorities, including timely roll-out of malaria campaigns and ensuring continuity of HTM services, closer engagement and coordination with the partners continues to address critical programmatic risks.

Looking ahead, the Board should expect, and explicitly endorse, a higher but deliberate level of risk acceptance to maximize impact of investments. For example, given the notable gaps in malaria funding and coverage gaps, the Board may need to consider a more aggressive risk tradeoffs in fighting Malaria by making a strategic choice to focus more narrowly to provide funds to the highest burden of most resource constrained countries.

(c) Health Product Access, Affordability & Innovation

The outlook remains challenging as global instability and constrained funding continue to pressure procurement manifesting as increasing risk for disruption within country supply chain systems. While large-scale stockouts or disruptions are not expected, intermittent shortages may occur in some portfolios due to resource constraints and downstream logistics gaps.

The Global Fund's role in the rapid deployment of Lenacapavir at cost into the countries with the highest disease burden is a remarkable accomplishment that showcased the strength of our market shaping efforts and ability to deliver innovative products and technologies at scale. Considering the Lenacapavir deployment success, the pressure on traditional supply chains and while regional procurement models are maturing, there is an increasing that the Global Fund will be called upon to step further into non-grant related and higher-risk procurement activities to meet country needs.

The Secretariat's presentation in these committee meetings includes risk tradeoffs and mitigations for these known and emerging risks. Continued diligence in risk identification and mitigation through consistent application of established market shaping principles and procedures will be important.

(d) Financial & Fiduciary

The direction of travel for financial and fiduciary risk remains moderate but increasing, driven in part by external financing uncertainty from donors. For example, this year, as a result of an unanticipated pause on donor pledge payments, the Global Fund experienced unprecedented ALM and liquidity pressures. While the Secretariat successfully managed the situation through proactive measures - monitoring pledge conversions, reviewing liabilities, and engaging donors to stabilize the situation – there is a risk of similar situations in the future. The Global Fund’s strengthened procedures and active risk management will continue to support financial integrity and mitigate this risk.

Another factor driving up financial and fiduciary risk is the varied degrees of maturity and reliability present in country financial management systems, procurement controls and assurance functions. This is particularly true in fragile and high-risk portfolios where capacity and oversight are limited. Continued investment in strengthening Public Financial Management systems and capacity will be essential through 2026 to mitigate this risk and enable sustainability.

(e) Secretariat Operations

Secretariat operational risks have remained elevated through 2025 as the organization navigated OPEX funding reductions and restructuring that impacted approximately 70% of the organization. With a reduced workforce, the Global Fund accepted the risk that some key business processes will be reduced or eliminated. While this increases the inherent risk that operations will be disrupted or fail to comply with internal controls, the Secretariat is mitigating this risk through coordinated efforts across functions to identify dependencies and mitigate the risk of critical control or business process gaps.

In addition, these operational changes have increased the risk of a negative impact on staff well-being and morale, as well as succession planning. The Secretariat is mitigating this risk through strengthened internal communications, change management and staff well-being measures. To further mitigate this risk, as restructured teams are formed, leaders will need to adjust workplans and expectations to do less with less. It will be important for maintaining operational resilience and mitigating risk that these activities continue throughout the transition and implementation of the restructured teams supported by agile HR coordination.

An evolving operational and governance key risk is of disruption and damage to the Global Fund’s reputation by the turnover and recruitment of new Board Leadership and a new Executive Director during an overlapping period within the next year. Typically, this risk is mitigated by having continuity in either Board Leadership or Executive Director positions while the other is recruited, nominated and approved. While mitigations are being implemented, the residual risk of the unprecedented change in all three positions in the same year will continue to remain high.

(f) Ethics, Legal and Governance

Legal risks are expected to remain moderate, while governance risks are increasing and ethics risks remain high. Governance risk is moderate but increasing due to the anticipated leadership transitions and heavy workloads to support strategic decision making in our complex and challenging operating environment. The Secretariat is taking steps

to mitigate these risks, including prioritization of activities and additional engagement with the EGC on leadership transitions.

Sustained investment in culture, accountability, and independent oversight remains essential to preserve institutional trust and integrity. Implemented ethical culture initiatives in 2025 such as the refreshed Code of Conduct for Employees and Internal Justice Mechanism strengthen the Secretariat's ethical culture and mitigate potential legal and reputational risks arising from the Global Fund's dispute resolution framework.

Ethics risk in implementation, however, remains high and rising, driven by challenges in the implementing environment that may lead to misconduct such as fraud and SEAH going undetected or unreported. While mitigations, such as increased communication and awareness campaigns and continued implementer capacity building, are underway, the residual risk will remain high, and we may be able to adapt mitigations we control as there is more clarity on how implementing conditions will adapt.

III. Risk Program Evolution

Over the past decade, the Global Fund has strengthened enterprise risk management, integrating risk principles across governance, strategy and operations. The 2018 Risk Appetite Framework improved structured oversight, but successive shocks—including COVID-19, geopolitical instability, and supply chain disruptions—revealed its limitations. By 2024, governance feedback confirmed the Framework was too rigid for the volatility and interdependence shaping today's global health environment.

In response, the Secretariat undertook efforts to evolve the risk management program to fit the Global Fund's needs, informed by an OIG advisory, Board and Committee deliberations, stakeholder feedback and benchmarking against global peers. The resulting evolution focuses on four areas: refining the risk taxonomy and organizational risk register to sharpen visibility of the most critical risks; streamlining risk management tools to reduce burden and providing more actionable risk insights; updating the Risk Appetite Framework to support decision-making; and using analytics along with early warning and oversight systems to enhance risk oversight and reporting. Together, these changes will enable the Global Fund to manage uncertainty with greater confidence — accepting necessary risks to achieve impact while ensuring that governance, accountability and transparency remain uncompromised.

IV. Annexes

The following items can be found in the Annex:

- Annex 1: Q3-2025 - Organizational Risk Register
- Annex 2: Relevant past Board decisions

Annex 1 – Organizational Risk Summaries for Q3 2025

Domain	Risk	Residual Risk	Direction of Travel
Strategic	Donor Funding	High	Increasing ↑
	Domestic Health Financing	Very High	Steady → ↓
	Reputation	High	Increasing ↑
Program	Program Quality – HIV	High ↓	Increasing ↑
	Program Quality – TB	High	Increasing ↑
	Program Quality – Malaria	Very High	Steady → ↓
	Drug & Insecticide Resistance	High	Increasing ↑
	Monitoring & Evaluation (M&E)	Moderate	Increasing ↑
	Human Rights & Gender Equality	High	Increasing ↑
	In-Country Governance	Moderate	Increasing ↑
	Transition	High	Increasing ↑
Health Product Access, Affordability & Innovation	Procurement	Moderate	Increasing ↑
	In-Country Supply Chain (ICSC)	High	Increasing ↑
	Quality of Health Products (QHP)	Moderate	Steady →
Financial & Fiduciary	Grant-Related Fraud & Fiduciary	Moderate	Increasing ↑ * ⚙️
	Accounting & Financial Reporting by Countries	Moderate	Steady → ↓
Secretariat Operations	Internal Operations	Moderate	Steady →
	Integrated Grant Policies, Processes, Systems & Data	Moderate	Increasing ↑
	Risk Management & Internal Controls	Moderate	Increasing ↑
	Organizational Culture	Moderate	Increasing ↑
	Workforce Capacity, Efficiency & Wellbeing	High	Increasing ↑
Ethics, Legal & Governance	Ethical Misconduct and SEAH	High	Increasing ↑
	Legal	Moderate	Steady →
	Governance & Oversight	Moderate	Increasing ↑

↑ Increased compared to previous quarter

↓ Decreased compared to previous quarter

→ Steady compared to previous quarter

* Qualitative adjustment, not based on IRM bottom-up re-calibration. IRM re-calibration is ongoing.

Strategic

Donor Funding (Risk Owner: ERCD)

The risk involves the potential failure to convert pledges into contributions and to secure new donor pledges for the next replenishment period due to loss of donor support, reputational damage or other external factors.

Residual Risk	■ HIGH	Direction of Travel	INCREASING ↑
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Global Fund Ability to Mitigate	MODERATE
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Potential key drivers

Risk drivers include the high level of political volatility, unpredictability and negative shifts in donor sentiment due to political changes, reduced official development assistance (ODA) in most of the key donor countries, reduced prioritization of global health. Additionally, drivers include evolving and increasing donors' requests and expectations in a fast-changing global health landscape – including local ownership, simplification, efficiencies, sustainability - , perceived underperformance or misunderstanding of the Global Fund model, and declining health advocacy support. Internal drivers include insufficient capacity and resources to respond to donor's requests in a timely manner in the context of high demand on ERCD and multiple reorgs, that may lead to delayed responses or inadequate engagement and visibility.

Current Response

The Global Fund's response to risk drivers includes monitoring political transitions, sustaining close engagement with donors despite always changing political contexts, ensuring key decision-makers are informed and equipped with tailored arguments to protect and mobilize funding for the Global Fund. Active positioning in the fight against infectious diseases, strengthening health systems, global health security, innovation and other key areas of donor's interest is ongoing, with a refreshed core narrative and highly flexible and tailored communication campaign to align with shifting donor priorities. Monitoring donor country budget cycles and budget processes is vital and constant. 7th replenishment (7R) pledge conversion conversations have been used to lay the groundwork for the 8th Replenishment asks. The 8th Replenishment (8R) rolling approach has proven effective. Additionally, opportunities for innovative and non-traditional partnerships with the private sector are being pursued. Enhanced collaboration and coordination with global health partners is prioritized. Commitments from donors and partners are actively protected through improved performance and accountability processes.

Planned response – ON TRACK

Enhanced and expanded outreach and relationship building with key donor representatives and advocates in donor capitals, particularly in contexts of political changes and/or major fiscal constraints. Constantly adapting the Global Fund's global positioning in multi-stakeholder platforms, particularly regarding the evolving global health eco-system. Intensifying mobilization of champions and advocates in the lead up to the Summit.

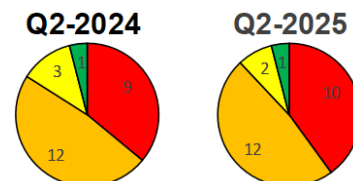
Outlook

Donor Funding risk remains 'High.' Pledge conversion for 7R is on track, and 8R is progressing well with some funds already secured to date from public and private sectors. However, ongoing economic pressures and fiscal constraints continue to amplify the risk of reduced contributions. Outcomes remain uncertain and increasing challenges are anticipated in ensuring full pledge conversion in the future. Divergent donor views on the Global Fund's strategic direction are also emerging, with some donors seeking deeper engagement in specific areas while others prioritize different focuses. The upcoming Executive Director (ED) and Board Leadership (BL) transition in 2026 adds an additional layer of complexity to the external environment, requiring careful stakeholder engagement and consistent messaging to ensure stability and confidence among partners and donors. Furthermore, the organizational restructuring continues to affect the Secretariat's ability to respond promptly to donor requests, reinforcing the importance of clear, coordinated, and timely communications and engagement strategies.

Domestic Health Financing (Risk Owner: F&A)

The risk that domestic financing for health and national HTM responses is not adequately prioritized and/or effectively used. This may result in continued dependencies on external financing and reduced financial sustainability, thereby hindering the scale-up and long-term impact of national HTM responses and health system strengthening.

Risk Distribution



Residual Risk

■ VERY HIGH

Direction of Travel

STEADY →

Global Fund Ability to Mitigate

MINOR



Potential key drivers

Evolving macro-economic constraints affecting fiscal space for health and HTM programs, including ongoing challenges to prioritize health spending and growing debt levels in LIC and LMIC contexts and shrinking ODA; lack of data and weakness in systems at country level to track co-financing commitments; delays in confirming, monitoring and realizing co-financing commitments; fragmented health financing; weak alignment of grant investments with country reforms leading to poor efficiencies; significant shifts in availability of external financing and uncertainty in external financing flows; difficulties in securing domestic funding for critical health commodities and interventions for key and vulnerable populations.



Current Response

Implementation of risk mitigation efforts related to sustainability, efficiency, and domestic financing / co-financing through the Health Financing Risk Management Framework (introduced in GC7). This includes a systematic review of sub-risks related to sustainability and efficiency; and domestic financing/ co-financing risks as part of the Integrated Risk Management processes. Continued implementation of the Sustainability, Transition, and Co-Financing policy, including efforts to support sustainability / transition planning, provision of transition funding, and the negotiation of co-financing commitments and monitoring of those commitments during grant implementation.

For GC7, several measures were introduced to strengthen co-financing compliance and risk mitigation, including mandatory commitment letters; a data-driven approach to set co-financing requirements aligned with fiscal space of countries; more proactive monitoring of co-financing during the grant lifecycle; updated operational processes for co-financing; new approaches to ensuring higher quality co-financing data collection and governance; and integration of mitigation actions for at-risk countries into grants. The implementation of various innovative finance approaches to support strong domestic financing and resource mobilization, including blended finance efforts and Debt2Health initiatives. Domestic financing advocacy efforts, with a particular focus on the Africa region and leveraging various platforms and stakeholders such as AU-ALM. Provision of limited technical assistance on health financing through the Health Finance Strategic Initiative (HF-SI) approved for GC7, used to complement grant resources in strengthening health financing systems, enhancing sustainability and transition planning, and addressing mitigation measures including (where relevant) in portfolio risk management plans. Engagement with partners to support improved health financing and financial sustainability, including other external financiers (Gavi, WB, other MDBs), other Multi-lateral development partners, and bilateral partners. Leveraging Global Fund grants resources to address health financing challenges, including leveraging the 'Health Financing and Financial Management Systems' module. This includes, for example, piloting efforts to expand health insurance schemes to cover vulnerable populations and improve resource tracking as well as efforts to strengthen Public Financial Management to support improved country capacity to raise and manage domestic resources and better use / support country systems in targeted countries. These are

complemented by capacity-building initiatives at the country level to strengthen health financing systems and improve long-term sustainability.



Planned response – **OFF TRACK**

A key initiative for 2025 will be the operationalization of the recent changes to the STC Policy, which was approved by the Board in November. This has included operationalization of STC revisions into A2F processes ahead of GC8 (including the incorporation of STC considerations into Funding Request materials and updating of relevant Secretariat guidance), enhancing support for country specific sustainability and transition planning; ensuring effective co-financing implementation, including negotiating more specific co-financing commitments focused increasingly on financing of programmatic interventions. In 2025, the Secretariat will continue to strengthen its blended finance and Debt2Health efforts to leverage additional resources and align financing with partners and is actively working with partners to support capacity building of national systems, including on PFM.

A multi-pronged approach to Domestic Financing Advocacy is being implemented with activities planned across global, regional, and country levels, including the realization of additional health financing dialogues in targeted countries. Efforts are also underway to operationalize a roadmap for implementation of the Value for Money Framework into Global Fund operations. Recognizing low implementation levels of some key mitigating actions, targeted efforts are underway to determine root causes of delays to support and accelerate execution of risk mitigation plans into action. This includes conducting a systematic review of the quality and design of mitigating actions, complemented by strengthened engagement with Secretariat teams through bi-monthly progress reviews. These efforts will remain a priority as the Secretariat continues to advance its co-financing mitigation efforts for GC7 and preparation for GC8.



Outlook

The outlook for the DHF risk is challenging. While there is significant variation across the Global Fund portfolios, countries are facing significant fiscal pressures, with rising debt costs, slowing economic growth, and (as a result) less resources to finance health systems and national responses, coupled with declining and uncertain ODA. The Global Fund will be closely monitoring the existing challenges to understand the direction of travel of the risk moving forward, while advancing the targeted reviews and strengthened engagement with Secretariat teams outlined in the planned response.

Reputation (Risk Owner: ERCD)

The risk involves unexpected issues arising from external political developments, control weaknesses, performance issues, poor governance, oversight failures, or misreporting by media, beyond the Global Fund's control. Such incidents can damage the organization's reputation, potentially leading to a loss of future donor funding and reduced effectiveness in combating the three diseases.

Residual Risk	■ HIGH	Direction of Travel	INCREASING ↑
Global Fund Ability to Mitigate	MODERATE		

Potential key drivers

Risk drivers include political influences on news coverage, leading to factually inaccurate reports that are not promptly addressed, resulting in a disproportionate amount of negative media attention. Misunderstandings by the media about global health and development issues often result in reporting errors. Amplification of negative or inaccurate comments on social media especially by influential persons or groups with significant followings can rapidly escalate mis- or disinformation. Extensive or inaccurate media coverage of Office of the Inspector General (OIG) reports and other documents highlighting misuse of funds or serious issues further exacerbates these risks. Additionally, internal performance issues and control weaknesses within the organization contribute to these media-related risks.

Current Response

The Global Fund's response to risk drivers includes strengthened coordination with leadership and across teams to identify and mitigate risks promptly and ensure communications are aligned and consistent. The Global Fund implements a proactive and agile communications strategy, encompassing media, social media, and comprehensive communication plans, including communication with countries, and around the OIG reports. Proactive media outreach in key markets builds understanding and monitors coverage, while targeted communications sustain positive Global Fund positioning in donor markets and other priority spaces and audiences. Continuous social media monitoring enables early detection of reputational issues, and targeted communication plans are developed and implemented as needed during peak news cycles. Efforts focus on transparency and accountability, maintaining accurate and up-to-date information across all web platforms, and ensuring key staff are equipped with aligned and effective key messages. Coordination of key messages with partners ensures consistency and credibility across all communication channels. Ongoing initiatives continue to strengthen organizational risk management, internal controls, governance, and transparency. The Ethics and Integrity Framework, including conflict of interest policies, underpins ethical management practices.

Planned response – ON TRACK

The Planned response to risk drivers involves coordinated efforts across departments to align communications with emerging risks, proactive issue identification by management, strategic media engagement to foster accurate coverage, continuous enhancement of organizational risk management and transparency, diligent monitoring of social media to rapidly address potential concerns, frequent assessment of feedback loops and recalibration as needed.

Outlook

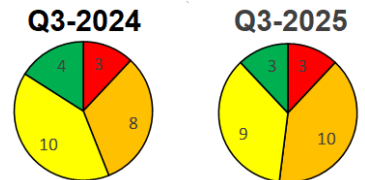
The risk level remains High, with an increasing direction of travel due to political instability and unpredictability. Upcoming organizational restructuring, leadership transition planning and program reprioritization at country level in a fast-changing global health context may further heighten stakeholder sensitivities and perceptions. Active management of internal and external communication, changing processes and stakeholder engagement will be critical to maintaining trust and protecting the Global Fund's reputation.

Program

Program Quality – HIV (Risk Owner: SIID)

Program quality risks include failure to implement program activities/services with fidelity and/or delays and disruptions in implementation due to a range of factors including implementation arrangements and capacities, service accessibility, barriers to access services, and political, social, or naturally occurring disruptive events. These failures result in ongoing HIV transmission, and HIV-related morbidity and mortality.

Risk Distribution



Residual Risk	■ HIGH	Direction of Travel	INCREASING ↑
Risk Appetite	■ MODERATE	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	N/A

🔍 Potential key drivers

The 2025 slow-down in funding at country level and across partners adds substantially to overall risk due to reduced country-level funding for service provision, commodities, health systems strengthening and TA. Key drivers continue to include policy, regulatory and implementation delays in adopting global guidance and in introducing innovative approaches. Barriers to accessing effective services also drive risk due to geographic, financial, service quality, human resource, and gender and human rights considerations. Obstacles in de-medicalizing and integrating HIV services to expand service delivery platforms – including community access points or virtual services – also contribute to these risks. Failure to use data effectively to improve service quality is an additional driver of risk. In many countries, service disruption due to political unrest, disease outbreaks, and natural disasters further increase risks to effective implementation. Finally, in countries where need outpaces resources, inadequate scale of interventions limits impact.

🛡️ Current Response

New responses to the 2025 resource disruptions focus on monitoring and addressing commodities stocks and service disruption at country level (together with partners), focusing on the 55 PEPFAR-supported countries. The Global Fund, with partners, continues to leverage its platform to promote best practices, quality standards, and technical guidance to accelerate progress to achieve global targets. Key actions include mitigating supply interruptions, accelerating and ensuring continued access to optimal HIV prevention and treatment products and services, and supporting policy, regulatory updates, and effective training of facility and community health workforce.

The response emphasizes differentiated HIV testing, improved ART access and treatment continuity at facility and community levels, and diagnosis, prevention and treatment of advanced HIV and coinfections/comorbidities. The Global Fund supports elimination of vertical transmission (HIV, syphilis, hepatitis B) through commodities, training, peer support, and national monitoring. Targeted and effective HIV prevention investments continue to grow, with focused efforts in 14 priority countries facing high or rising incidence. Additional support includes programmatic and financial sustainability planning, service delivery integration, and implementation of HIV Program Essentials introduced in GC7.

🕒 Planned response – ON TRACK

Technical support for transition to more sustainable, effective and efficient models and integration planning is now more urgently prioritized, together with partners. In the context of current resource scenarios, the goal of protecting HIV care and treatment, and decreasing preventable deaths and new infections is key. Finally, the response will continue and intensify the Secretariat support to HIV Incidence Reduction focus countries, including the emerging organizational focus to advance the introduction of Lenacapavir for PrEP (LEN PrEP) within the current constraints.

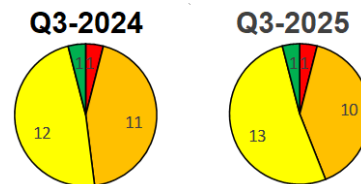
Outlook

While 2024 KPI results were strong in care and treatment—particularly in high-burden countries—significant challenges remain. These include sustaining quality services amid declining funding, scaling up targeted, effective prevention, closing coverage and impact gaps, and addressing increasing threats to the human rights of key populations at risk of HIV. The risk level was reassessed following the GC7 reprioritization exercise and rated as High, reflecting disruptions in country-level co-dependencies between the Global Fund and partners in technical assistance, commodities, and service delivery. While the direction of travel remains increasing, recent positive engagement and strengthened collaboration suggest potential stabilization in the near term. Further clarity on country-level funding flows and their impact on service provision is expected in early 2026, and the Secretariat continues to closely monitor the evolving risk landscape.

Program Quality – TB (Risk Owner: SIID)

The risk encompasses poor quality or delays in Global Fund-supported Tuberculosis (TB) programs, resulting in missed opportunities to achieve the global and national targets. Key issues include gaps in the coverage and quality of TB prevention, diagnosis, and treatment interventions, especially among people with multidrug-resistant TB (MDR-TB), and other vulnerable groups, significant funding gap, and limited uptake and scale up of new tools and innovative approaches.

Risk Distribution



Residual Risk	■ HIGH	Direction of Travel	INCREASING ↑
Risk Appetite	■ HIGH	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	JUN-2025

🔍 Potential key drivers

The risk drivers for TB, prevention, diagnosis, and treatment interventions under the grant include insufficient scale and focus of interventions or delays in adhering to or scaling up national or WHO guidelines, including for medicines, diagnostics, and patient management to achieve desired coverage and impact. Drug and diagnostic stock outs due to gaps in funding and or delayed procurements or manufacturing and supply chain delays leading to interruption in services and or slowing scale-up. This has been exacerbated by the reduction of funding which was complementary to Global Fund investment in high-burden countries. Lack of a people-centered approach and failure to tailor investments to specific epidemiological contexts, societal risk factors, and health-seeking behaviors compound the risks. Political unrest, disease outbreaks, and natural disasters further disrupting program implementation. Poor service quality due to inadequate trainings of health care professions and high staff turnovers, including community health workers, supervision and mentoring, and failure to use data effectively to improve service quality, are additional key drivers of risk. Limited resources at the Secretariat level, including the technical support through the TB Strategic Initiative (2021-2023) and USAID, leaves gaps in supporting critical country specific needs. This includes reducing barriers along the TB care cascade and enhancing TB case finding and treatment with a focus on key vulnerable populations.

🛡️ Current Response

The current response to TB, prevention, diagnosis, and treatment risks involves focusing on optimization of current resources for improved program efficiencies, promoting varied service models and community-level/private sector initiatives to find missing people with TB. Continuous dissemination of best practices, guidelines and identifying program efficiencies is supported by Technical Advice and Partnerships. The GF Expert Review Panel has approved an additional quality assured API supplier for first line drugs (FLDs) which will contribute to addressing gaps in FLD supply, however ongoing rationing of orders expected to continue until end of 2025. At the Secretariat and country levels, re-programming and efficiency savings via optimization, cost cutting and integration of services are being identified early in the grant life cycle to reduce TB commodity funding gaps. Lastly, there is an emphasis on using existing data to evaluate program performance, including country-specific and cross-portfolio reviews.

🕒 Planned response – ON TRACK

The planned response to TB encompasses comprehensive strategies spanning prevention, diagnosis, and treatment. Technical assistance will be provided to countries for the adoption of innovative screening/diagnostic tools and treatments, such as digital x-rays (including with AI), shorter regimens for drug-resistant TB, tuberculosis preventive treatment, and pediatric formulations, which are also the focus of grant assurances. The GF Expert Review Panel for Diagnostics (ERPD) has endorsed a new near point-of-care (NPOC) molecular diagnostics “PlusLife”, which is likely to be cheaper than the current molecular tests and contributes to expansion of access. At the Secretariat level, the focus is on supporting early access to NPOC diagnostics in

a cohort of countries, delivering technical support to sign high-quality grants, identifying opportunities for integrated services and optimal use of available resources, supporting innovation and the adoption of new tools to enhance TB screening and diagnosis, and enhancing partner collaboration for maximum impact and sustained progress, Seeking price reductions for essential TB commodities and , are integral aspects. National-level interventions involve optimizing diagnostic systems, deploying skilled healthcare providers, improving governance and stewardship of National TB Programs.

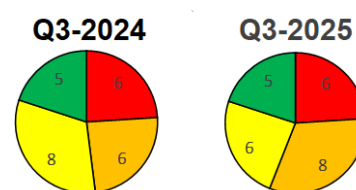
Outlook

Ending tuberculosis requires sustaining adequate funding to expand access to timely and quality diagnosis, treatment and preventive services, building the capacity of implementers, sustaining supply and procurement channels to avoid stock outs and active involvement of the private sector and communities. The positive momentum in the global TB response was maintained in 2024. However, recent funding cuts are likely to reduce the momentum in 2025. Preliminary data during the first half of 2025 indicated a decline in TB case notification, which raises concerns of a reversal in the positive case notification trend in high-burden countries. While the GC7 reprioritization revision has largely safeguarded essential lifesaving services and products, quality of services could be impacted due to reduction in training, supervision, technical assistance, monitoring and evaluation systems. Gaps in timely materialization of domestic financing commitments, especially for procurement increases the strain on uninterrupted supply of quality assured TB medicines and diagnostics The need for bold prioritization to invest in intervention that sustains the gains and delivers the greatest value is even more critical now.

Program Quality – Malaria (Risk Owner: SIID)

Inadequate program targeting/quality, inefficiencies in implementation, and/or delays/disruptions in implementation of Global Fund grants, result in missed opportunities to achieve outcomes and maximize impact (reduction in incidence and mortality) in malaria programs. Sub-optimal coverage and quality of case management and vector control interventions as well as the risk of drug and insecticide resistance. Insufficient routine and surveillance data systems would limit ability of programs to fully tailor and monitor programs and intervention mix.

Risk Distribution



Residual Risk	■ VERY HIGH	Direction of Travel	STEADY →
Risk Appetite	■ VERY HIGH	Target Risk	■ HIGH
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	DEC-2025

Potential key drivers

Abrupt interruption of services in addition to continuing issues of inadequate resources to address continuing threats of insecticide and drug resistance, political unrest limiting access to at risk populations, changes in transmission due to climate change and outbreaks. While the pre-existing macro-economic and health financing gaps already significantly impacted capacity to achieve optimal coverage and uptake of quality services, the current compounding global issues have led to stock outs and delays in implementation of time-sensitive interventions, such as vector control and seasonal malaria chemoprevention campaigns before the rainy season.

Current Response

While global malaria partners are working with countries to mitigate the acute impacts on the malaria programs, the Global Fund continues to provide support for agreed upon grant priorities to ensure quality service provision in areas GF supports is maintained. Q3 and Q4 focus on optimal prioritization of reduced grant funds

was critical to mitigate impact. Efforts include but are not limited to efforts to further promote integration and strengthen the primary health care platform at both facility and community levels. Partners continue to work with GF and countries to innovate on efficient and effective delivery strategies for malaria interventions to ensure they reach the intended populations, including in hard to reach and insecure settings. In addition, GF continues to work on improving access to affordable interventions to address biologic threats, including continued scale up of Dual AI ITNs and use of the Access Fund to support roll out of multiple first line therapies (MFT) in Ghana, Burkina Faso, Uganda and Malawi. GF also continues to encourage programs to consider low-cost MFT strategies in countries beyond the Access Fund, working with partners to ensure technical support. Collaboration continues with Gavi on malaria vaccine roll out – while not directly funded by GF – exploring opportunities for complementary health system strengthening.

 **Planned response – ON TRACK**

Recognizing the need to adapt to the current and future global context, the Global Fund, together with partners will continue to use multiple approaches to address challenges across the diverse extrinsic, financial, programmatic, and biologic risks facing malaria control. Priorities include increasing access to the most effective tools by focusing on areas with identified drug and/or insecticide resistance (and ensuring systematic surveillance data to inform these decisions); continued roll out of the strategy for the introduction of multiple first line therapies; increasing affordability of dual AI nets to address insecticide resistance; supporting efforts to be proactive and responsive for the impact of climate change on malaria and foster innovations in areas of conflict and natural disaster; working across the malaria partnership to strengthen malaria program planning through development of costed optimized operational plans; updating malaria risk ratings root causes/guidance to account for the diverse extrinsic risks and review country risk ratings accordingly; mobilizing resources and identifying efficiencies to address gaps in high impact interventions; exploring opportunities to reduce the environmental impact of malaria interventions.

 **Outlook**

The Secretariat is systematically reviewing and reassessing the risk drivers and coverage gaps under GC7 to inform country specific residual risk rating and mitigation plans, however, the existing and new risk drivers compound the already increasing direction of travel. While the responses are in place, including driving efficiencies will mitigate part of the risks, the programs have limited ability to mitigate risks arising due to climate change events, political and security disruptions, and emerging biological threats. Further risk mitigation is contingent upon the evolving global context, additional funds to meet coverage gaps or scale-up interventions to meet the demand or introduce new tools and optimize the deployment of existing tools. The Secretariat will continue to optimize grant investments to address the impact of emerging risks and climate change events on the grants. The Malaria Program Quality risk reached a Very High risk rating as of Q4 2024. Given the uncertainty around global events, climate change events, political and security disruptions, and coverage gaps, we will maintain the Risk Appetite level at 'Very High'.

Drug & Insecticide Resistance (Risk Owner: SIID)

Increased resistance to drugs and insecticides used in treating and preventing (as in the case of insecticides) the three diseases poses a significant risk, potentially leading to higher morbidity and mortality rates. Factors like inconsistent treatment, low-quality diagnostics and pharmaceuticals, and supply interruptions contribute to drug resistance, which can result in treatment failures, heightened disease burden, and higher mortality. Similarly, insecticide resistance in mosquitoes, primarily for insecticide-treated nets (ITNs) and indoor residual spraying (IRS) used for malaria control, compromises the effectiveness of these critical vector control tools. Insecticide resistance not only impacts the ability to reduce malaria cases and deaths but also negatively affects the effectiveness of investments of the Global Fund in malaria control and elimination efforts.

Residual Risk	■ HIGH	Direction of Travel	INCREASING
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Global Fund Ability to Mitigate	MODERATE
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Potential key drivers

Risk drivers for HIV drug resistance include treatment interruptions due to patient experience (cost, access, side-effects), program challenges (unstable ARV supply, inadequate patient support, insufficiently trained providers), and policy factors (outdated guidelines, user fees). In TB, risks stem from limited access to rapid molecular testing for drug resistance, limited access to treatment, inappropriate treatment regimens, and poor patient management. For malaria, drug resistance is driven by challenges in quality case management in both public and private sector and heavy reliance on small number of most affordable antimalaria drugs providing selective advantage to the parasite to develop resistance, challenges with surveillance quality and, more recently, reductions in funding availability for surveillance which traditionally received heavy external support. The widespread use of the same insecticides in agriculture and public health, along with inadequate resistance monitoring and surveillance, and lack of clear frameworks for monitoring, also contribute to insecticide resistance. The 2025 pause in funding at country level and across partners adds substantial risk to overall program quality related to funding for service provision, commodities, health systems and TA.

Current Response

For HIV, the response includes supporting the Global Action Plan on drug resistance to HIV, viral hepatitis and STIs, and participating in global drug resistance monitoring efforts led by WHO as funding allows. At the country level, support is focused on transitioning to optimized HIV treatment regimens; improving ART adherence/retention and viral load suppression, access to viral load testing, and community engagement/patient literacy/U=U efforts; developing national action plans for HIV drug resistance; and supporting HIV drug resistance surveillance. For TB, support includes efforts to enforce WHO guidelines on treating Drug Resistant TB (DR-TB), accelerating access to rapid molecular testing to detect TB and resistance, improving access to treatment (short oral regimens), active drug safety monitoring and management (aDSM). For malaria drugs – mitigation includes surveillance, particularly therapeutic efficacy studies, ACT diversification and uptake of recent WHO recommended therapeutic strategies (multiple first line therapies) that can delay emergence and spread of resistance in SSA, market shaping interventions to expand access to alternative antimalarials, strengthening of case management quality and judicial use of ACTs in private sector, and funding for the Greater Mekong Sub-region to combat artemisinin resistance. For insecticides – surveillance – and continued priority in Global Fund grants – informs insecticide choice, scale up of the most effective ITNs - with robust Global Fund support through grants and market shaping - has been key to mitigate immediate risks from resistance, and work across partners to further diversify the available insecticides and tools.

Planned response – ON TRACK

For Malaria, the planned response to insecticide and drug resistance involves continued collaboration between the Global Fund and partners to: develop a robust market for vector control and therapeutic tools, expand / ensure clarity of international guidance and support national programmes and partners to accelerate the proactive programmatic response to resistance. Addressing antimalarial resistance includes diversification of ACTs, rolling

out more rational therapeutic deployment approaches like Multiple Firstline Therapies and effectively managing the currently high selection pressure on a particular ACT, safeguarding its useful lifespan as well as next generation combination therapies. Efforts will support expansion of access to the implementation of the 2022 WHO Strategy to respond to antimalarial drug resistance in Africa, including WHO's implementation guidance on MFT (Nov 2024), strengthening surveillance of antimalarial drug efficacy and resistance, ensuring quality-assured malaria diagnosis, accelerating implementation of mitigation approaches, and supporting country readiness and adaptation of therapeutic policies to reflect MFT. This has been done in coherent approach with key partners such as Unitaid, PMI, BMGF, and WHO. However, in this quarter, acceleration of plans and implementation are at risk due to disruptions of funding to partners, primarily PMI. To address insecticide resistance, significant efforts have been made to make Dual Active Ingredient ITNs affordable and encourage countries to procure them to address identified pyrethroid resistance. Initially, country demand was greater than supply, but a secretariat partner-wide effort ensued to address this challenge and demand has been largely met including through the availability of newly prequalified ITNs. Partner wide work is now focused on ensuring smooth market entry and country readiness for newer ITNs expected later in GC8.

For TB, the response includes providing technical support, (although the scale may be affected by recent changes in the funding landscape), supporting the scale-up of new diagnostics for rapid TB/DR-TB detection and providing differentiated adherence support including "enablers" package and digital/remote adherence support for successful treatment completion. For HIV, the current responses at both global and country levels are continued in GC7 including optimizing ARV regimens (with ongoing transition to Dolutegravir/DTG for adults and children). GF is also monitoring commodity stocks and service disruption at country level together with partners, with a particular focus on the 55 PEPFAR-supported countries. Some response areas, including developing national action plans for HIV drug resistance and supporting HIV drug resistance surveillance, are currently paused until funding availability is clear.

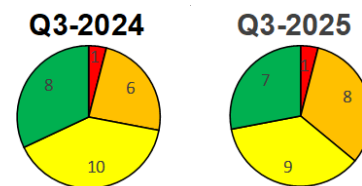
Outlook

The outlook on drug resistance has improved for HIV and TB, but the threat to all 3 diseases continues, and in the current funding context the threat of drug resistance is increased because of instability of drug supplies and of some service delivery platforms. For malaria, the level of response to insecticide and antimalaria drug resistance remains insufficient given the size of the problem, complicated by insufficient funding (a worsening problem in relation to surveillance), and some continued lack of global stewardship towards proactive solutions, though this is improving. For HIV, alternative regimens to DTG are much more costly and increased use of these regimens is anticipated as DTG resistance increases. This has potentially large implications for total ARV drug costs; dependent on price differential and size of addressed need. The secretariat will coordinate across the partnership to continue – and look for opportunities to expand or intensify - the current responses. The efforts will focus on strengthening markets for control tools, enhancing surveillance, diagnosis, and treatment methods, and leveraging global partnerships and innovative funding for effective long-term management.

Monitoring & Evaluation (M&E) (Risk Owner: SIID)

The risk is characterized by insufficient generation of quality program data and its use due to weak in-country M&E systems. This inadequacy hinders strategic planning, evidence-based decision-making in an increasingly resource constrained environment, and efficient investment, impacting programs' ability to meet their targets and achieve desired health impacts. Delayed, incomplete and inaccurate data impedes effective program management leading to misaligned focus on interventions, geographic areas, and beneficiary populations, and ultimately failing to attain the intended investment outcomes.

Risk Distribution



Residual Risk	■ MODERATE	Direction of Travel	INCREASING ↑
Risk Appetite	■ MODERATE	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	N/A

🔍 Potential key drivers

The risk drivers for program data include ineffective data governance and management due to weak leadership and coordination in M&E. Further challenges include systems' inability to report disaggregated data, inadequate oversight over data quality, and challenges with digitalization and maintenance of information systems. Insufficient system interoperability and integration hinder data triangulation analysis. Additionally, insufficient use of data for planning, poor data quality and a lack of effective data quality improvement plans are key concerns. Overall, these factors contribute to suboptimal data generation, availability, quality, analysis, and use for data quality and program quality improvement.

🛡️ Current Response

The current approach to addressing data risk drivers includes enhancing regional and in-country capacity for data collection and analysis, institutionalizing health data system governance, and improving data interoperability between community, private sector, and national health systems. Strengthening digital data security and infrastructure, along with ensuring data quality at the country level, are also key focuses. Efforts are being made to enable effective data triangulation, integrate patient-level laboratory and programmatic data, and promote data-driven decision-making. Additionally, there is an emphasis on using disaggregated data to identify and address health inequities at subnational levels and across countries.

🕒 Planned response – OFF TRACK

The planned response will focus on defining a partners' harmonized data quality framework which will include various options and tools for data quality improvement at country level, the definition and monitoring of data quality metrics for both paper-based and digital systems and supporting portfolios in their uptake. Generating portfolio specific M&E priorities and risks will be supported. The absorption rate of the M&E module will be closely monitored to ensure the most impactful investments are realized. This monitoring will help inform the inclusion of key data system activities that could not be integrated during grant signing. However, the response is constrained by increasingly limited resources to support the Secretariat's data initiatives. Given the current international context, freeze of GF reprogramming and potential requirement to reprioritize GC7 investments, there is a high risk this will shift to 'off track'.

📊 Outlook

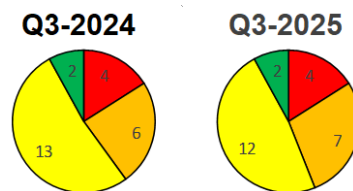
Trends in M&E system maturity across 38 high-impact and core countries underscore the need for sustained support to ensure high-quality and granular data for effective investment decisions and outcome

measurement. However, several emerging risks related to increasing funding gaps and reprioritization threaten progress. With growing complexities, constrained funding commitments—including the funding cuts, pause in non-critical surveys/studies, potential reprioritization of GC7 investments and the discontinuation of Data SI funding, the ability to maintain and advance progress in strengthening national health information systems, including DHIS2 is at significant risk. As these challenges persist, the direction of travel for M&E risk continues to increase, with an increasingly limited ability to mitigate the risks – with potentially serious implications on completeness, timeliness and quality of results reporting. It will be important to monitor the implications of Global Fund and other donor investment reprioritization on M&E risks to inform mitigation plans.

Human Rights & Gender Equality (Risk Owner: SIID)

Human rights and gender barriers to HIV, TB, and Malaria progress, which includes stigma, discrimination, and harmful gender norms, heighten risk and vulnerability for disease acquisition, limits access to prevention and treatment services and lead to poorer health outcomes. Women, girls, and key, vulnerable and underserved populations face particular barriers to health services. Failure to address these issues undermines the effectiveness and impact of Global Fund-supported health programs.

Risk Distribution



Residual Risk ■ **HIGH** **Direction of Travel** **INCREASING** ↑

Global Fund Ability to Mitigate **MODERATE**

Potential key drivers

The key risk drivers for human rights and gender-related barriers to access to health services include the anti-rights and anti-gender movements in implementer and donor countries amplifying harmful laws, policies and practices, and inadequate response due to de-prioritization at country level, scarcity due to donor withdrawals and fiscal space constraints, reduced implementer and technical partner capacity, as well as insufficient/outdated assessments and plans to guide targeted action. The deterioration of the legal environment, increased stigma, discrimination and violence pose amplified risks to the safety and security of program implementers and beneficiaries, and there are insufficient efforts to address such drivers. In addition, gender related barriers to access to health services are exacerbated by harmful gender norms and discriminatory laws, policies and practices that limit access to health services. Programmatic drivers include insufficient knowledge, capacity, and political will to implement gender-focused health programs; health workforce attitudes and practices that perpetuate gender inequality and insufficient collection and use of relevant gender data. For both human rights and gender equality, programmatic scale, scope and quality is insufficient and may decrease further as a result of other external funding cuts and Global Fund reprioritization and this together with insufficient meaningful community engagement increases the likelihood and severity of risk.

Current Response

The response includes guidance in the reprioritization approach and support to prioritizing essential human rights and gender investments to improve access to lifesaving services; long term implementation support TA geared at human rights program scale and quality specific support to strengthen the leadership and engagement of young leaders, including adolescent girls and young women, as well as organizations working on gender equality, to address barriers to access to health services, improved CRG investment support, the introduction of a portfolio-wide Gender Equality Marker and human rights program essentials, and more rigorous assessment of grant-level human rights and gender equality risk. The internal guidance on managing grants in human rights crises has been updated through a cross-Secretariat effort, coordinated human rights crises response has been undertaken together with partners, and a security toolkit for program implementers has been updated to better address risks faced by women in all their diversity and organizations working on human rights and gender-based violence. Minimum expectations for community engagement throughout the grant lifecycle are in place.

Planned response – **ON TRACK**

Mitigating human rights and gender-related risks are key for effective and sustainable HIV, TB and malaria responses. The planned response to human rights risk drivers includes continued strengthening of capacities of in-country partners, TA providers and in the secretariat to respond to human rights barriers and manage risks to improve access to health services and health outcomes. CRG regional investment support advisers will continue to provide hands-on support throughout the grant lifecycle to achieve grant targets, mitigate risks and respond to crises, and ensure compliance. KPI E1 annual country-led self-assessments, through participatory processes, monitor and inform human rights program scale up in 24

Breaking Down Barriers (BDB) countries, with Human Rights SI providing implementation support and knowledge sharing through an expanded implementer facing Learning Agenda. The updated internal guidance on managing grants in human rights crises will be used for more coordinated mitigation of safety and security of implementers and clients will be supported further and shifts in partners' presence and capacity will be reassessed and reconfigured as needed. The young leaders program in partnership with TRF is scaled up with private sector funding, including cohorts from WCA and Asia. Emerging risks such as digital rights will be addressed in partnership with internal and external stakeholders. The Gender Equality Team in CRG is driving the meaningful mainstreaming of gender across Global Fund programming, structures, and processes to improve effectiveness and impact of Global Fund supported HIV, TB and malaria programs. This includes ongoing capacity-strengthening on gender mainstreaming across the Partnership and the provision of proactive support from CRG investment support advisers/gender technical advisers to support Global Fund grant implementation quality and programming on gender. Following the completion of a systematic review on gender integration in Global Fund structures and processes, key recommendations are now being implemented. The Gender Equality Marker is used to track and strengthen approaches to gender within HTM country grants, with the data and analysis being used to strengthen programmatic approaches and develop and implement gender action plans in key portfolios. To help tackle the contextual drivers of gender risk, the Gender Equality Fund supports community engagement to help address the root causes of gender inequality that affect HTM outcomes.

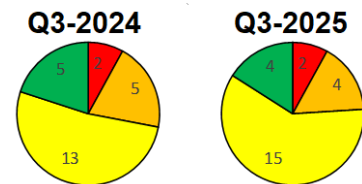
Outlook

In the current environment, the Global Fund's efforts to address human rights and gender-related barriers and improve access to essential health services and innovations such as LEN remain critical but are at significant risk, with ambition and tactics requiring continuous reassessment. With the rising global anti-human rights and anti-gender movements and severe setbacks in human rights and gender equality contexts in many countries, the outlook is increasingly challenging, and the direction of travel continues to increase. In addition, the abrupt reduction in donor funding and changes in donor policy, as well as continued uncertainty, pose significant challenges to implementation of programs to address human rights and gender-related barriers, the sustainability of key organizations, as well as the ability of technical partners and the Global Fund to mitigate this risk. A low replenishment would further compromise the ability to mitigate.

In-Country Governance (Risk Owner: GMD)

The risk involves inadequate national program governance, insufficient CCM and Principal Recipient oversight of grants, and non-compliance with Global Fund management requirements. This is compounded by the Ministry of Health's limited capacity to manage national health plans for Universal Health Care. Poor governance and oversight lead to grant underperformance, poor value for money, fraud and non-compliant expenditures, reputational damage to the Global Fund, and failure to effectively combat the three diseases.

Risk Distribution



Residual Risk	■ MODERATE	Direction of Travel	INCREASING ↑
Risk Appetite	■ MODERATE	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	N/A

🔍 Potential key drivers

The risk drivers include insufficient human resource capacity and training, weak Sub Recipient selection and oversight and inadequate human resources and internal controls at the Principal Recipient level. Poor government and CCM oversight, suboptimal collaboration among stakeholders, and inadequate risk mitigation policies exacerbate these issues. Ineffective management of disease programs, unclear authority lines, and limited resource allocation further contribute to the risks. Additionally, external factors like political instability, economic challenges, and health service disruptions due to emergencies negatively impact governance and grant oversight. These risks are significantly magnified by recent U.S. foreign aid cuts, which previously played a critical role in supporting disease-specific programs, health system strengthening, and emergency response.

🛡️ Current Response

The response to risk drivers involves selecting Principal Recipients (PRs) following a Capacity Assessment, with capacity building measures in place to resolve any PR shortfalls, mapping implementation arrangements for new grants, and assessing the risks and developing mitigation plans for better PR oversight. In the case of countries operating under the Additional Safeguard Policy (ASP), ASP provides an increased level of assurance. Monitoring focuses on government and disease program oversight, with pre-grant signing actions to address capacity challenges and assess readiness for new PRs. Comprehensive assurance plans target High Impact and Core portfolios. Updated policies enhance risk management and Global Fund oversight, while support for IT infrastructure and contingency planning and further engagement with humanitarian partners ensures service continuity and asset safeguarding during emergencies.

🕒 Planned response – ON TRACK

The planned response to risk drivers includes consolidating the gains from the rollout of CCM Evolution and ongoing support to bolster the capacity of Country Coordinating Mechanisms (CCMs) across High Impact, Core, and Focused portfolios. A phased rollout is planned to develop and implement a Principal Recipient (PR) maturity framework and performance rating methodology by the end of 2025. Performance ratings of existing PRs and Capacity Assessments of current and new PRs will inform approaches to further build capacity, if necessary, of national programs and civil society PRs and SRs. On-going implementation to strengthen front-line risk management capability involving in-country risk workshops with CCMs, PRs, implementers, and partners, particularly in High Impact and Core countries. Efforts are also focused on improving the operationalization and implementation of both the COE Policy and the Additional Safeguard Policy (ASP), incorporating insights from TERG Evaluations and OIG Audits and Advisory. In response to U.S. foreign aid cuts, the Global Fund is assessing strategic resource prioritization, co-financing requirements, resource reallocation and reprogramming, in-country partner leverage, and strengthened risk management.

📊 Outlook

In-Country Governance is experiencing a worsening trend, primarily driven by external factors such as political instability, security threats, and persistent weaknesses in institutional capacity and in-country governance mechanisms. Although the residual risk is currently rated as moderate, this assessment may underestimate the actual level of exposure in the context of U.S. foreign aid cuts. The withdrawal of this support eliminates a key source of governance assistance and technical oversight, particularly in fragile states, increasing the likelihood of operational disruptions, weakened fiduciary controls, and diminished strategic alignment in health program implementation.

Transition (Risk Owner: F&A)

The risk that countries are unable to sustain and scale-up their national disease responses as they transition away from Global Fund and other external financing and toward full program ownership. This may lead to disease resurgence or negative impacts on health systems and national responses, including service delivery disruptions, reduced quality of care, inability to maintain critical interventions, and disproportionate health impacts on key and vulnerable populations.

Residual Risk	■ HIGH	Direction of Travel	INCREASING ↑
Global Fund Ability to Mitigate	MINOR		

Potential key drivers

The risk drivers for the transition to domestic financing of national disease responses include ongoing epidemiological challenges and programmatic gaps, especially among key and vulnerable populations, and the inability to finance these interventions sustainably. Although the situation varies heavily across countries, in some countries there can be limited country ownership and advanced planning for the transition process, coupled with low prioritization of health or misalignment between disease responses and Universal Health Care financing reforms. Medium to long-term macroeconomic and fiscal constraints also pose a threat to the sustainability of domestic health financing in some transition contexts. Additionally, national stakeholders may lack the capacity or political will to address underlying economic, political, legal, and social issues. Furthermore, there remain uncertainties in available external financing (including from the Global Fund), which may make it challenging to fully plan in advance to integrate externally financed interventions – including critical ones like health products / commodities and KVP services – to domestic financing.

Current Response

The response to transition challenges includes implementing the Sustainability, Transition, and Co-Financing (STC) policy (and the revised Policy starting in GC8), including negotiating and supporting realization of co-financing commitments, providing transition grants, supporting transition planning, setting accelerated transition timelines, providing technical assistance for specific transition challenges (including integration of disease priorities into health financing schemes, efforts to strengthen social contracting, etc.), and exploring innovative financing opportunities to strengthen resourcing of HTM / RSSH priorities. The Global Fund Secretariat has also heightened its focus on health financing, which remains a key Secretariat priority. In addition, the ongoing implementation of the GAC-approved Health Finance Strategic Initiative (HF-SI) for 2023–2025 includes targeted technical assistance for countries in the transition preparedness portfolio. This is complemented by a systematic review of STC considerations and co-financing commitments during the development of funding requests and grants, including in transition-preparedness contexts.

Planned response – ON TRACK

The planned response includes the ongoing implementation of transition grants in GC7, continued focus on transition planning, continued negotiation of co-financing commitments and monitoring during grant implementation, the continued focus on transition / sustainability considerations in access to funding processes and grant implementation, continued consideration of sustainability / transition issues by the TRP in their review of GC7 grants, efforts in targeted countries to use innovative finance initiatives to raise additional resources, and the implementation of the Health Financing Strategic Initiative for GC7, which has limited funding for thematic areas linked to transition. In addition, in 2025 a key part of the planned response will be the operationalization of the STC policy changes, which include important considerations on transition (including the setting accelerated transition timelines and increased focus on transition planning). The Secretariat is actively working on defining transition timelines for transition contexts for GC8, in line with the revisions in the STC Policy.

Outlook

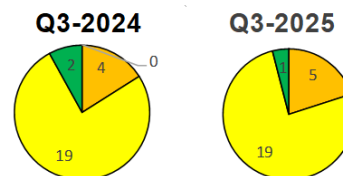
The outlook for transition risk remains challenging, driven by persistent macro-economic pressures, continued epidemiological uncertainty in transition contexts, unclear external financing timelines, and reduced technical assistance under GC7 to support transition processes. For GC8, the Secretariat will define accelerated transition timelines (as per the revised STC Policy), providing greater predictability and clear visibility and planning horizons for affected disease components. Despite challenges, the Global Fund is making significant efforts to support transition contexts through transition grants, co-financing efforts, continued transition planning, available technical support, and targeted initiatives to ease the shift to sustainable domestic financing and ownership of the national responses.

Health Product Access, Affordability & Innovation

Procurement (Risk Owner: SO)

The risk is defined by procurement challenges and failures that could lead to poor value for money, financial losses, incorrect or substandard products, delayed delivery, that potentially lead to stockouts, treatment disruption, or wastage of funds. Upstream sourcing challenges could affect lead times and costs, significantly impacting grant budgets and product availability. Downstream in-country risks such as quantification, supply planning, and procurement processes, that might lead to inefficiencies, lost value, or fraud, further affecting product availability.

Risk Distribution



Residual Risk	■ MODERATE	Direction of Travel	INCREASING ↑
Risk Appetite	■ MODERATE	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	SIGNIFICANT	Target Timeframe	N/A

🔍 Potential key drivers

Supply chain risks stem from inadequate quantification, inaccurate forecasting, gaps in procurement procedures and controls, and operational challenges in a highly fluid and complex environment. These risks can be influenced by upstream/global factors, such as disruptions in manufacturing capacity, fluctuations in oil prices, reduced freight availability, geopolitical conflicts, inflation, export restrictions, uncertainties of donors' funding and the growing threat of cybersecurity attacks targeting supply chain actors. Meanwhile, downstream/in-country challenges include ineffective procurement planning and monitoring, governance issues, unexpected changes in importation requirements, poor stakeholder coordination, and inefficiencies in procurement processes. Both global and local challenges can lead to significant programmatic impacts, including reduced product availability, operational inefficiencies, financial losses, and potential fraud.

🛡️ Current Response

Efforts to mitigate procurement and supply risks span strategic, tactical, and country-level interventions, ensuring a robust response to the dynamic and complex environment.

Strategic Policy Level

Responses focus on implementing the Global Fund strategy and the NextGen Market Shaping approach. Key actions include: updating and implementing product and service category sourcing strategies, strengthening policy frameworks to support effective procurement, partnering with organizations to identify and implement improvements, such as recommendations from the OIG Advisory assessment on Procurement Services Agents (PSAs), integrated into the updated PSA Strategy, implementation of new PSA contracts and leveraging partnerships to optimize supply chains, and enhancing logistics solutions, and finally accelerating regulatory approvals.

Tactical Operational Level

Response includes regular coordination with manufacturers, suppliers, PSAs, and partner organizations to help monitor, assess, and mitigate risks to health product supply, expanding the availability of alternative compliant products, driving continuous improvements to reduce inefficiencies in the supply chain,

enhancing demand planning through tools such as the current demand planning system, and exploring additional supply solutions to improve responsiveness.

Country-Level

Response includes engagement and coordination with Principal Recipients (PRs), countries, and the Global Fund Secretariat to address potential supply challenges and ensuring stakeholders can respond effectively. Key measures include: ensuring timely order placement and managing product lead times, implementing contingency measures, such as not advancing product procurement initially planned for 2026–2027 into 2025, enabling PRs to transact orders on PPM/Wambo using both Global Fund and non-Global Fund grant funding, and leveraging the Rapid Supply Mechanism for emergency response needs.

Planned response – ON TRACK

To strengthen supply operations and risk mitigation, planned responses include: enhanced Monitoring & Oversight (implementing appropriately tiered monitoring within the Secretariat including strengthening oversight of Supply Operations to improve efficiency and resilience), continuation of Key Strategic Responses (advancing the implementation of existing strategies, such as the NextGen Market Shaping approach strategic interventions (1) Shape innovation and accelerate new product introductions at scale, 2) Promote capacity building for regional manufacturing and 3) Drive environmentally sustainable procurement and supply chains), PSA Strategy, demand management, new health products/technologies (e.g. TB testing technologies and Lenacapavir), QA policies, cybersecurity measures, revising grant-specific mitigation actions for high-risk portfolios and monitoring the outcomes of grant reprioritization activity during Q3 2025), country-Specific & Global Risk Management (strengthening the monitoring of country assurance plans to ensure compliance and effectiveness, closely tracking geopolitical factors, including inter-country tariffs, global inflation, and supply chain disruptions affecting raw materials, finished products and freight, and implementing timely mitigation strategies based on geopolitical assessments), targeted Procurement & Risk Mitigation Strategies (increasing oversight of in-country procurement in six priority countries and reviewing risk ratings across regions and adjusting mitigation actions for all countries exceeding acceptable risk levels).

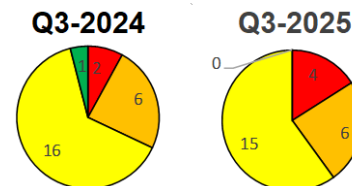
Outlook

While the procurement risk level is currently Moderate its direction of travel is increasing. Ongoing efforts aim to maintain stability, however, continuous monitoring of external factors beyond the Global Fund's control remains essential. With decline in overall funding and shifts in demand for essential HTM products, there being a heightened risk of undermining the market shaping approach, affecting market dynamics, unit costs, and long-term sustainability. Key external risks include geopolitical events affecting supply chains and manufacturing and fluctuations in freight costs and transport constraints. To ensure the risk remains Moderate, enhanced monitoring of grant-specific Key Mitigating Actions will be critical in addressing evolving challenges effectively.

In-Country Supply Chain (ICSC) (Risk Owner: SO)

The risk involves disruption or underperformance of in-country health product (HP) supply chains, from central warehouse to point of service delivery, which can result in inadequate availability of essential commodities or their wastage through expiries or diversion. This issue stems from gaps in supply systems, data management, logistics, or financing, hindering the achievement of grant objectives. A significant portion of grant funding is dedicated to HPs, but the fragility, insecurity, and poor management of ICSCs can lead to treatment disruptions, inferior service quality, increased drug resistance, product wastage, and reduced value for money. These issues can ultimately diminish the impact of the Global Fund's investments and lead to higher mortality and morbidity rates.

Risk Distribution



Residual Risk	■ HIGH	Direction of Travel	INCREASING ↑
Risk Appetite	■ HIGH	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	DEC-2025

🔍 Potential key drivers

The typical risk drivers for the ICSC issues include inadequate coordination and leadership; limited data availability, visibility and quality; insufficient storage capacity and conditions at health facilities. Challenges also include inadequately financed or existent national strategies, poor logistics planning, inefficient inventory management, inaccurate quantification and forecasting, inadequate information systems, and the limited capacity of local actors. Additionally, lack of coordinated planning on orders and shipments, may strain the downstream supply chain. Today, the primary risk driver is the fact that the Global Fund and its partners face resource limitations to adequately finance supply chain strengthening activities. In a select set of countries, this has severely disrupted service delivery, information systems and related workforce significantly straining supply chains. Following the GC7 re-prioritization exercise, funding reductions have directly impacted supply chain activities in approximately 17 High Impact and Core countries, leading to potential delays in implementation of planned warehousing and eLMIS investments. The prevailing uncertainty further complicates efforts to mitigate the short-term impacts.

🛡️ Current Response

The current response to the core supply chain risk drivers includes the ongoing implementation of a comprehensive Supply Chain Roadmap. This involves targeted investment strategy on warehousing, distribution, and information systems, to improve storage capacity and conditions, address distribution challenges and optimize distribution networks. We are also implementing Targeted Software Standards (TSS), which has been coordinated across partners and are compliant eLMIS & WMS solutions tailored to a country's maturity level. Supply Operations policies have also been updated to include new guidance and tools for logistics outsourcing, and warehouse improvement. Measuring performance is a key focus for GC7. Key metrics including, On-Shelf Availability (OSA), Stocked According to Plan (SATP) and Logistic Management Information System (LMIS) Reporting Rate are the metrics in place to monitor supply chain performance in High Impact and Core countries. Performance indicators reported through the Performance Update / Disbursement Request (PU/DR) report in 2025 show OSA at 80%, SATP at 36%, and LMIS Reporting Rate at 82%. Additionally, a new Supply Chain Maturity Model has been developed to assess key processes and metrics, as well as identify maturity levels and improvement areas in all GC7 High Impact and Core countries. The rollout plan has started, with the first assessments planned for Q4 2025, The risk assessment for the top 25 countries has been reviewed due to new recent challenges related to funding, mitigation is challenging due to changing circumstances



Planned response – **ON TRACK**

The planned response to supply chain risk drivers emphasizes improving the quality and utilization of data in electronic LMIS (eLMIS) for better management of supply chain performance. Furthermore, from Q3 2025, the Supply Chain Maturity Model will be rolled out in priority countries and extended to all HI/Core countries throughout the remaining GC7 cycle with assessments set to be completed for 14 countries before end of Dec-2026. Additionally, two regional partners will be trained to cover more countries and reduce dependency on ASCM. Comprehensive risk reviews will be conducted for all High Impact and Core countries, to reassess risk levels, identify root causes of each sub-risk, develop clear mitigation plans, and identify triggers for change – following the ongoing GC7 reprioritization process. Monitoring the implementation of mitigation actions, close monitoring of assurances, and conducting regular risk reviews will ensure effectiveness of risk mitigation strategies and maintain an accurate risk landscape. By December 2025, a risk rating calibration for a set of 40 High Impact and Core priority countries, including the 15 PPC countries, is planned to confirm the updated risk levels. The exercise will also help identify countries requiring enhanced mitigation attention and support, following GC7 re-prioritization.



Outlook

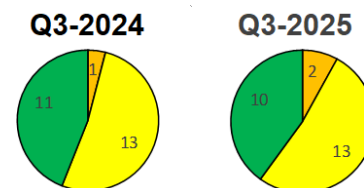
Gaps in distribution, warehousing, quantification planning across various stakeholders, information systems and last mile distribution remain in several geographies. Despite progressive scale-up of HTM services, no large-scale stock-outs leading to major service disruption were reported. However, due to the funding review, reductions and associated program terminations, intermittent stockouts of HPs are expected, potentially affecting the continuity of supply and service delivery in a number of countries. With limited resources available, it is essential to tailor interventions based on a thorough evaluation of maturity levels – focusing on integration, efficiency and sustainability of systems where possible. While the risk was anticipated to reach a 'Moderate' risk level by end 2025, the residual risk may remain High as the direction of travel is now increasing.

The overall ICSC risk level will remain volatile, due to the level of uncertainty, funding impact, in-country political and security threats and governance risks, though early signs of stabilization suggest the direction of travel may shift from increasing to steady if planned mitigation continues to yield reward through Q4 2025. This will be confirmed once the risk reviews for the 40 priority countries are completed.

Quality of Health Products (Risk Owner: SO)

The risk involves patients being exposed to substandard quality of health products (HP) from Global Fund supported programs, which are unsafe, ineffective, or of poor quality. This leads to poor health outcomes, including mortality or morbidity, increased drug resistance, and diminished impact of Global Fund investments.

Risk Distribution



Residual Risk	■ MODERATE	Direction of Travel	STEADY →
Risk Appetite	■ MODERATE	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	N/A

🔍 Potential key drivers

The risk drivers include the lack of implementation of good dispensing practices and reliance on less stringent WHO or Stringent Regulatory Authority (SRA)/ WHO Listed Authorities (WLA). In addition, weaknesses in the upstream health product lifecycle (such as limitations on market authorization mechanisms) and procurement of sub-standard health products (non-WHO prequalified, non-WHO-Listed Authority (WLA) authorized, non-SRA approved or recommended by ERP) increase the risk of inadequate HP entry in the market. Moreover, weak supply chain systems increase further the risk of not maintaining product quality throughout the supply chain. Finally, the introduction of innovative health products brings uncertainty about their safety, quality and effectiveness/ performance considering the limited experience with such health products (e.g. limited clinical experience, manufacturing process variability, distribution and use in LMICs).

🛡️ Current Response

On the policy level, responses include: collaboration with partners for aligned quality standards and addressing safety issues in procured health products, establishment of the Expert Review Panel process in collaboration with WHO to support introduction and provide access to innovative health products, establishment of the Health Product Risk Committee to evaluate and manage quality risks, enhancement of Quality Assurance policies for Medical Devices and Vector Control Products, development of new guidance documents for PPE procurement, and finally providing guidance for quality monitoring of LLINs.

On the investment level, responses include targeted RSSH investments for strengthening selected countries pharmacovigilance systems and supporting supply chain strengthening and logistics operations, in particular storage and distribution which indirectly contribute to maintaining product quality.

On the operational level, responses involve the development of country specific QA/QC plans to ensure in-country product monitoring throughout the supply chain, the integration of Operational Procedures to provide additional assurance on compliance and organization of PR learning sessions. In addition, there's a plan in place to shift from ad-hoc to planned monitoring of health products. The Quality plans within the PSAs have been approved; therefore using centralized procurement through PPM and UN agencies will facilitate PR compliance to Global Fund's QA policies.

🕒 Planned response – ON TRACK

The planned responses to the quality risk drivers will involve refining the Quality Assurance framework, monitoring the expected deliverables by WHO on Strategic Initiative (SI) for Next Generation Market Shaping dual work streams i.e. Accelerate health product introduction at scale and Promote capacity building for African manufacturing. Each work stream has the following main activities: Development of normative guidance and standards on VCPs, MQAS & Pharmaceutical waste management, operating the current ERP for IVDs and

Pharmaceuticals, and initiate a pilot ERP for HIV RDTs produced in Africa, QA training programs for regional manufacturers and regulators and technical assistance on dossier compilation by manufacturer for WHO PQ, and supporting the establishment and maintenance of regional /sub- regional regulatory networks in Africa through regulatory collaborations, convergence, and harmonization. The development and piloting of thematic capacity assessments for QA to standardize and be more systematic in identification strengths and weaknesses of a PR. There will be random checks on the PSA committed processes to mitigate any unforeseeable deviations/risks. There is an on-going monitoring of the impact of the partners' funding decisions on regulatory activities and authorities and ultimately on the Global Fund grants and resources, with contingency plans including QA workstream to be established. Elements of the Risk Mitigation Plan (RMP) on Health Product introduction related safety reporting is to be deployed before the first delivery of innovative HPs, e.g. Safety reporting requirement for Lenacapavir used for Pre-Exposure Prophylaxis (PrEP). Similarly, the QA Conformity tracker is being digitalized to increase its robustness in handling incidents recorded



Outlook

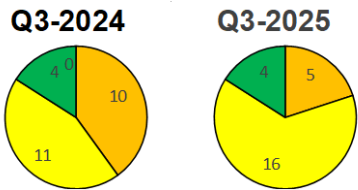
Combination of factors including procurement using pre-qualified suppliers, both by countries and under Wambo, stringent QA requirements and monitoring of compliance help in maintaining the risk at moderate level. The PSA's commitment to implementing the Quality Plan will effectively minimize the inherent quality risks associated with all HPs supplied to PRs through PPM. While gaps in post shipment QA procedures are known, these are unlikely to shift the overall residual risk for the core HTM products procured under the grants.

Financial & Fiduciary

Grant-Related Fraud & Fiduciary (Risk Owner: F&A)

The risk of financial fraud, corruption, and theft in the Global Fund involves the misappropriation of assets, intentional misstatement of financial statements, and losses due to corruption, including conflicts of interest and bribery. These risks lead to financial losses, reduced program coverage, lower execution, and diminished impact against diseases, alongside potential reputational damage.

Risk Distribution



Residual Risk	■ MODERATE	Direction of Travel	INCREASING ↑ ¹
Risk Appetite	■ MODERATE	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	N/A

🔍 Potential key drivers

The financial risk drivers include weak in-country procurement processes, particularly for non-health procurement within the C19RM grants, regular HTM grants and RSSH component as well as for capital investments. Inadequate internal control systems at both Principal and Sub-Recipient levels. There are inherent deficiencies in fraud risk governance and control, along with challenges in fund flow due to sub-optimal banking coverage and macroeconomic instability in many of the top 20 countries that drive grant related Fraud and Fiduciary risk. The execution of financial controls is also hampered, resulting in potential ineligible expenditures and asset loss. Countries with persistent instability are also characterized by low-capacity implementers with higher risk of misuse of funds. Cybersecurity incidents are on the rise and poor data governance controls also present significant risks of financial fraud and corruption.

More specifically, the emerging decline in prioritization in health funding has led to programmatic funding gaps – as entities struggle to fill these gaps there is increased pressure to cover these gaps with existing funding thus increasing the Global Fund risk exposure. A deep dive into the Top 8 portfolios that make up 36% of the allocation shows that the contingency measures put in place to control budget revisions have been very effective in controlling this risk.

🛡️ Current Response

The response to financial fraud and fiduciary risk drivers includes enhanced governance and oversight of implementers, improved financial assurance models, and revised external audit terms of reference. System-generated analytical reports now facilitate better triangulation, enhanced M&O of quality of expenditure reported by the PR and potential financial recoveries. The focus remains ensuring business continuity while undertaking measured risk and reward trade-off decisions. Through follow-up on implementation of Fraud Risk Assessment (FRA) Prioritized Action Plan for 12 countries, the Secretariat now performs periodic review of progress in implementation of prioritized actions. This oversight has been extended to Grant Management Senior Management Team. Close oversight including in-country mission by senior members of the finance team is being maintained on other high-risk portfolios e.g. DRC and recently Cameroon. Corporate-level measures include mandatory direct payments to suppliers in high-risk portfolios or for transactions identified as high risk, advanced bank account management, training in cyber fraud awareness, and a two-tier monitoring system within finance focusing on risk management and capacity building. Independent fiscal agents pre-selected by the Global Fund are used as mitigating measures in high-risk countries. They are subject to rigorous performance monitoring and assessment. In this context, reinforcement of performance indicators to include PR and CT feedback & progressive transition/ exit planning are key factors, which contributed to rigorous negotiation of FA-LOE and costs for GC7 work orders. The 2024 performance cycle has recently been completed with satisfactory performance across all fiscal agents. Robust external audit process through use of comprehensive guidelines is in place and therefore better compliance is expected for 2024-year end audits. Results will be reported in Q4.2025 update. Efforts to minimize cash transactions using innovative cost-efficient technological payment platforms with 89% of High Impact and Core countries having a form of digital payment in place. Oversight mechanisms for COVID-19 Response Mechanism (C19RM) activities and procurements have been strengthened (Wambo /PPM, third-party outsourcing, spot checks) and recently focused on grant closure risks (treatment of all fixed assets acquired under C19RM). Financial guidelines including Budgeting Guidelines and guidelines on Results Based Funding are being developed and disseminated. Financial Risk & Assurance

Plans are being effectively implemented. Annual risk management reviews of UN entities and INGOs have been completed, and implementation of recommendations are ongoing. Targeted cross-functional review of fraud risks under financial, procurement, supply-chain and programmatic areas are systematically reviewed. Integration of OIG insights and Ethics inputs on PCFC enables a holistic coverage of GFF risk monitoring and oversight. There's also an increased focus on training and raising awareness about fraud risk identification and management including the commemoration of International Anti-Corruption Day (IACD) with a focus on Fraud Prevention. Joint conference with the OIG in June 2024 with top 13 implementing country partners covered integrity and fraud risks. The OIG-IRM conference emphasized the use of PR assurance for managing fraud risk, assurance activities, and incident reporting. Additionally, investigating fraud and prohibited practices, along with addressing enhanced IDD and managing emerging risks related to PSEAH, were central themes of the conference.

Planned response – **ON TRACK**

The planned response to financial risk drivers involves M&O on the execution of assurance plans as well as implementation of the recommendations and action plans from the various MAs that were closed last year as reported in the ORR – Fiscal Agent model assessment, Fraud Risk Assessments, joint OIG-Risk conference, thematic PPCs. Fraud Risk Maturity Assessment recommendations are being applied across various departments to strengthen programmatic assurance and fraud monitoring. Implementation is systematically covered through second line in-country missions. Financial Risk & Assurance Plans are being effectively implemented, and a robust monitoring system has been put in place to ensure compliance and effectiveness. Financial reporting has been streamlined and continued enhancements to improve the reporting process. Fraud Risk Assessments in selected high-impact and core countries are integrated into risk management plan and implementation being monitored, GC7 grant funding, audit planning and oversight missions in line with audit guidelines. The Incident Reporting Mechanism has been elevated to the Risk Department that is enabling a wider coverage of incident reports beyond financial risks.

Outlook

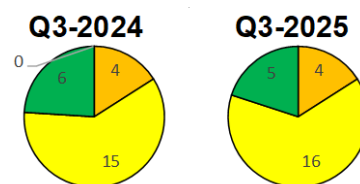
The Grant-Related Fraud & Fiduciary risk has been decreasing since Q3-2023 as countries were adapting to the new normal post COVID and finally achieved its Target Risk Level (Moderate) in Q4-2024. The Direction of travel has been steady since December 2024. However, with the emerging decline in prioritization in health funding and increased uncertainty coupled with the fact that PwC, one of our primary assurance providers, is in the process of spinning off its operations in Francophone Africa, there is increased uncertainty around the continuity of assurance services and the risk of potential service interruptions. The recent reduction in allocation and re-prioritization has created a potential risk for Global Fund funding to cover emerging gaps arising from fiscal withdrawal and shifts in domestic and partner funding landscape. This may lead to an increase in expenditure that is not budgeted, authorized or compliant with the Global Fund grant agreement. To mitigate this risk, the assurance function of the LFA has also evolved, and the risk-mitigation role played by the Fiscal Agents has been adapted to address the changing risks arising from the de-allocation. Another area of attention for GFF risk management has been focused assurance on C19RM- SEC efforts in accelerating implementation of C19RM investments particularly fixed assets- O2, waste management, warehouses etc. Detailed monitoring and oversight activities at country and SEC level to ensure performance is on track including handover of assets and sustainability of future use and maintenance has been a priority. The Direction of Travel is Increasing. We will continue to monitor impact on the ground and adjust risk levels accordingly. Concentrated efforts in key priority portfolios, including Nigeria, Mozambique, DRC, Uganda, South Africa, Tanzania and Malawi - will continue to drive this improvement. Heightened risk awareness, training and sensitization of the Global Fund country team members, PR workforce, assurance providers have reinforced Global Fund's ability to adapt its risk mitigating measures in managing financial fraud risk inherent in grant implementation.

¹ Qualitative adjustment, not based on IRM bottom-up re-calibration. IRM re-calibration of grant-facing risks will be done following the outcome of GC7 grants re-programming efforts.

Accounting & Financial Reporting by Countries (Risk Owner: F&A)

The risk involves the possibility of Principal Recipients and Sub Recipients providing incorrect, delayed, incomplete, or inadequately documented financial records and reports related to Global Fund funds. This leads to poor decision-making due to inadequate or low-quality data, resulting in suboptimal resource allocation and reduced impact in targeted areas.

Risk Distribution



Residual Risk	■ MODERATE	Direction of Travel	STEADY →
Risk Appetite	■ MODERATE	Target Risk	■ MODERATE
Global Fund Ability to Mitigate	MODERATE	Target Timeframe	N/A

🔍 Potential key drivers

The risk drivers in accounting and financial reporting include significant investments in countries with inadequate human resource capacity and poor or nonexistent financial management systems, extending to peripheral operations. Outcomes of GC7 reprioritization and subsequent grant revisions are not properly reported in line with grant budgeting process. Additionally, there are weak processes and internal controls at the levels of Principal Recipients (PRs) and Sub Recipients (SRs). In terms of auditing, there is risk of sub optimal assurance from external auditors due to several factors that can negatively affect quality of service delivery.

🛡️ Current Response

Integrated capacity strengthening and in-country risk reviews, with significant progress in implementing financial management action plans in 46 key countries. Continuous monitoring of financial management improvements is conducted, alongside proactive senior management oversight through Monthly Monitoring Meetings. Countries using country (PFM) or donor-harmonized system components for financial management have completed public financial management transition efforts towards use of country PFM system (8 out of target of 8). Additionally, robust external audit process through use of revised guidelines have been effective since 2021 audits thus addressing any risks of obtaining sub optimal assurance as identified above. Financial reporting has been strengthened by the rollout of ERP systems (IFMIS) in some top 25 portfolios, including automation even at peripheral levels of grant implementation. Emphasis has been placed on integrated internal audit reviews, particularly for INGO and leading PRs, to ensure more direct in-country assurance and promote the use of country systems. The FCR reconciliation and reporting process for GC6 involves systematically verifying disbursements and utilization for HTM and C19RM components. Any necessary reclassifications are identified and corrected, following proper authorization procedures. Closure of GC6 is on track with FCR validation rate already at 89% in disbursement value.

📅 Planned response – ON TRACK

The planned response to risk drivers includes optimization of cash management with the introduction of digital payments across portfolios. Minimizing foreign exchange risk in grant implementation; Firstly, through establishing clear metrics for measuring foreign exchange risks on the GC7 grants using measures such as PPM charge-back to manage FX on cross-currency grant disbursements. Secondly, through rolling out a Foreign Exchange in Grants framework, focusing on managing foreign exchange on cross-currency grant disbursements. This approach is being conducted in South Africa. Nigeria serves as an example where our assessment indicates that reverting to dollar disbursements, instead of Naira, will optimize our investments in the country. Accordingly, this is now fully operational.

At corporate level, continuous monitoring of quality of reporting by calculating variance between Principal Recipient reported expenditures and Global Fund verified expenditures.

Completion of work to streamline financial reporting with enhancements to current reporting framework – additional functionalities to the partner portal used by Principal Recipient for submitting reports, update of reporting guidelines and training. The GC6 FCR reporting cycle and the 2024 PUDR reporting cycle were done within this revamped framework. Continued training and collection of feedback on lessons learnt ongoing in a bid to improve quality and timeliness of Principal Recipient and Sub Recipient reporting.



Outlook

The direction of travel is now considered stable, as the residual risk around the GC7 reprioritization has decreased with over 86% of reprioritizations completed and 166 out of 200 budget revisions finalized in GOS. The overall impact of the 10-15% deallocation remains limited, supported by close coordination between CT-PR- LFA and internal teams, as well as the implementation of the Deallocation Fiduciary Oversight plan (which provides mitigation measures/key controls for possible risks associated with the deallocation process) to mitigate potential risks. There has been significant improvement in the number of financial reports rejected by the Service Centre for the reporting period ending June 2025 compared to December 2024. Continuous improvement is expected as the results continue to be monitored and feedback provided to relevant stakeholders involved in the reporting process. Continuous monitoring of key priority portfolios will continue so as to evaluate the impact of continuous volatility and increased uncertainty.

Secretariat Operations

Internal Operations (Risk Owner: F&A, IT, SO)

Risks to the Global Fund's Secretariat operations include challenges in core functional areas such as Information Technology (IT), indirect procurement, foreign exchange, administration, and financial controlling. These internal challenges can significantly threaten the organizations ability to operate effectively and fulfill its mission.

Residual Risk	■ MODERATE	Direction of Travel	STEADY ➔
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Global Fund Ability to Mitigate	SIGNIFICANT
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Potential key drivers

Risk drivers for the Global Fund's Secretariat operations can be segmented into three main categories: Finance & Administration (F&A), IT, and indirect procurement.

F&A: Includes planning for potential lower Replenishment scenarios and issues with grant closure reconciliation. Misalignments between operational expenditures and the organization's ambitions, strategic workforce planning challenges affecting HR investment value, and tensions in expenditure utilization amid inflation and absorption of C19RM and HTM. Additional drivers include utilization levels of Global Health Campus facilities.

IT: Is characterized by system performance failures in IT as well as data breaches. There is an increase in geopolitical risk with international organizations now being high targets by advanced politically driven adversaries. There is an increase in cyberattacks in terms of size, scale, and sophistication due to AI being used for advanced phishing and social engineering campaigns, fake videos/calls etc. PRs in our countries have low cyber security maturity, use personal email accounts, and have inadequate cyber security training as well as lack secure IT solutions. Supply chain is being targeted by attackers. Cybersecurity incidents and the potential loss of sensitive data underscore the importance of information security in the whole ecosystem. Peculiar circumstances affecting worldwide nonprofit organizations (NPO) might affect investment capabilities in digital technologies and services. Organization restructuring processes might result in temporary reduction in internal control execution.

Indirect procurement: Risks arising from procurements that are inconsistent with the Procurement Policy and the operationalization of the Procurement Manual thus fail to protect the organization's commercial interests and operations. Risks arising from long-term contracts that have irrevocable commitments, lack of flexibility and restrictive termination provisions.

Current Response

The Global Fund's current response to risk drivers includes:

F&A: Visibility on workforce planning is provided to the AFC and is completed with a budgeting framework that aligns Secretariat operational expenditures with the Global Fund's ambitions. Additionally, workforce planning scenarios incorporate potential impact from funding outcomes related to the upcoming Replenishment. Foreign exchange risks are managed through a risk minimizing strategy, systematic hedging strategies, and automated monitoring tools, covering foreign exchange exposures as well as counterparty risks. ALM risks are monitored on a regular basis – monitoring forecasted sources of funds against forecasted uses up to the end of the cycle; this includes detailed review of risks related to conversion of donor pledges. C19RM and HTM absorption has slightly improved. Regular physical inventory checks, and robust security frameworks, including crisis management, business continuity management and travel policies, are maintained. Enhanced budgetary control for Travel & Expense costs through implemented mandate to reduce mission travel by 25%. Other

financial levers activated to optimize operational costs include pausing performance and talent recognition rewards, cost-of-living adjustments, and external trainings.

IT: An effective information security framework is integrated into IT governance, risk, and compliance. An integrated company-wide Integrated Management System (IMS) which consolidates three critical ISO-certified management systems: Information Security System, Business Continuity Management and IT Service Management is in place, with the IT Security Team ensuring alignment with strategic goals. Advanced threat intelligence is incorporated into critical Security Operations activities, including monitoring of cyber threats, response to incidents and awareness and training material. Security is enhanced through various technical controls - Multi-Factor Authentication (MFA), migration of key applications to cloud-based services, immutable backups to protect against ransomware and continuous vulnerability assessments. Organization wide cyber awareness training on emerging tactics used by cybercriminals (deepfake scams & voice cloning, synthetic content and use of AI bots) has been conducted, and developer focused training is in planning. Tabletop exercises are continuously rolled out to test the readiness of both technical and business teams in responding to various cyber security threat scenarios. Business continuity exercises to test availability and recovery of critical systems and processes have also been successfully completed and are being optimized for next testing.

Indirect procurement: The Procurement Manual was developed and covers both Direct and Indirect Sourcing. The new Procurement Manual introduces more robust rules around segregation of duties, clear roles and responsibilities and streamlined processes and was rolled out through trainings and communication sessions. Review Committee (PRC) oversees all high value and/or high-risk procurements. Approval of all contracts is covered by the Delegation of Signature authorities' procedure. All financial/budget approvals are configured within the ERP system, where there is clear segregation of duties.



Planned response – ON TRACK

F&A: Due to replenishment uncertainties and anticipated restructuring, Finance will enhance the rigor of severance and indemnity validation, strengthen tracking of staffing cost impacts, and apply scenario-based planning to ensure accurate financial decision-making and prevent errors during high-volume transactional periods. Supporting closure activities of the C19RM component of GC6 grants. Optimization of the Global Health Campus facilities by marketing available workspace, right-sizing campus services offered to staff, and proactively engaging with existing sub-tenants to minimize financial impact from potential down-sizing.

IT: Initiatives include adopting a Zero Trust security approach, secure case management tools, and strengthening cyber risk management in the supply chain. The Crisis/Business Continuity Management team is being reinforced with trainings and new tools. New training for staff and management has been developed, alongside tabletop and full-scale exercises involving vendors and internal departments. Data management is enhanced with new Data Loss Prevention features. New outsourced services in the ambit of Solution Delivery have been set up that will further reduce IT risks. Consolidation and integration of IT risks have been planned thanks to the introduction of new tools for Enterprise Risk and Compliance Management. A complete reassessment of the maturity of the IT General Controls as well as a review of the 2025-2028 Information and Cybersecurity roadmap have been performed ensuring alignment with the ongoing IT Transformation Program. New travelling guidelines are under development to prevent possible data leakages. Artificial Intelligence acceptable use guidelines have been developed to mitigate emerging risks.




Outlook

With the planned response, Global Fund's internal operations risk is considered at moderate risk level. While the direction of travel for the risk remains stable, it is likely to increase soon. This is driven by persistent global cybersecurity threats, potential impact from restructuring on operational continuity, and reduced funding among peer organizations, which may affect occupancy rates at the Global Health Campus. Safeguarding operational resilience, particularly in cybersecurity, workforce stability, and infrastructure utilization—remains a key focus.

Integrated Grant Policies, Processes, Systems & Data (Risk Owner: GMD)

The risk involves sub-optimal integration and inadequate change management in rolling out policies, procedures, systems, and data flows critical for managing grants throughout their life cycle. This leads to weaknesses in grant and risk management, inefficiencies, high transaction costs, and compromised internal controls.

Residual Risk	■ MODERATE	Direction of Travel	INCREASING 
Global Fund Ability to Mitigate	SIGNIFICANT		

Potential key drivers

Risk drivers include suboptimal integration between cross-cutting grant life cycle (GLC) policies, procedures, systems, and core processes, as well as a lack of standards and guidance on data management and limited data availability, hindering efficient GLC operations. Suboptimal assessment of the operational feasibility of Board-approved policies results in their inadequate translation into GLC operational policies. External disruptions divert resources, affecting the rollout of GLC changes, change management and implementation of GLC processes for the Secretariat and implementers. There is limited internal capacity for comprehensive change management and capacity building among Principal Recipients (PRs), Country Coordinating Mechanisms (CCMs), and Local Fund Agents (LFAs). Monitoring GLC processes is insufficient, delaying bottleneck identification. The impact of GLC changes on in-country partners and their workload are not adequately considered, with limited in-country partners capacity to adapt to these changes. Furthermore, there is a lack of tools to build in-country partners' capacity in areas such as GLC management and functional capacity development.

Current Response

Includes integrating and automating the majority of GLC processes, from funding request to grant closure, in the Grant Operating System (GOS). Regular GLC monitoring (including exception tracking) are in place to assess performance. A suite of GLC process trainings has been developed and is regularly updated. Changes to GLC processes are communicated internally and externally, with support provided to Country Teams (CTs), PRs, CCMs, and LFAs, as needed. A Data Governance Committee reviews and implements data management improvements, and a data governance program is in place. A comprehensive suite of reports and monitoring tools has been developed for performance oversight, ensuring effective process management. Operational Launch initiatives throughout the GLC periodically review and enhance GLC processes, policies, procedures, systems, and data flows. The Operational Policy Framework provides guidance on development, review and approval of operational policies and other guidance across the GLC. Additionally, COVID-19 Response Mechanism (C19RM) guidelines and processes are periodically updated based on lessons learned and identified process improvement opportunities.

Planned response – **ON TRACK**

Key initiatives for 2025 include: the completion of the Implementation Oversight and Revision launches; the Funding Request & Grant-making launches and the online HPMT Phase 1 (PR planning up to Grant-making) as the GMD-owned part of the Plan to Report project by Q4 2025. Launch deliverables are being carefully assessed given the current context to balance change burden with added value (i.e. automation and simplification) for in-country and Secretariat stakeholders, and to ensure fiscal responsibility in light of OPEX pressures. The design and rollout of revised processes are carefully planned to consider the impact on CTs, PRs, LFAs, and CCMs, accompanied by a comprehensive suite of materials to support the users adoption of changes according to standard practices. Given unforeseen work to operationalize contingency measures and GC7 reprioritization and revision efforts, a limited set of enhancements initially planned have been deprioritized. At the same time, in light of the delayed start of GC8 (issuance Allocation Letters: March 2026) and A2F reorganization, the timelines for the Funding Request and Grant-making launch have been shifted to

a Q1 2026 go-live. The currently ongoing reorganizations across the Global Fund Secretariat might further impact the ability to deliver the planned developments on time and with quality.



Outlook

The direction of travel is “increasing” due to uncertainty in the funding landscape impacting resources for grants and Global Fund operations and ongoing reorganizations. This will require adaptations of grants, leaner GLC processes (including revised oversight and compliance processes) and reduced system development. At the same time, the Funding request process, policy & system design and delivery will move to OE from GC9, ensuring a further integrated approach across the GLC. A moderate risk level is expected to be maintained due to current level of maturity of policies, processes, systems and data.

Risk Management & Internal Controls (Risk Owner: Risk)

The risk involves inadequacies in identifying key risks, evaluating their impact, and prioritizing and monitoring controls and mitigations for both grant-facing and non-grant-facing (operational) risks. Differing perceptions on the need for risk management lead to ambiguity in the Secretariat, ill-considered risk acceptance, and inconsistent and possibly suboptimal responses across defense lines. These deficiencies in risk management and internal control gaps could prevent the Global Fund from achieving its objectives.

Residual Risk	■ MODERATE	Direction of Travel	INCREASING
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Global Fund Ability to Mitigate	SIGNIFICANT
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Potential key drivers

Risk drivers include the insufficient integration of risk management into operations and decision-making. Lack of full operationalization of key policies, processes, and tools, or lack or sub-optimal application of standardized risk approaches and tools. Inadequate implementation and follow-up of risk mitigations, coupled with insufficient assurances further exacerbate risks. The rapid change in both external and internal environments necessitate continuous evolution of risk management tools and processes, as well as adaptation in second-line oversight. Additionally, weaknesses in the control environment, stemming from inadequate standards, processes, and structures may prevent robust risk management.



Current Response

The Global Fund continues to systematically enhance the operationalization of the Enterprise Risk Management Framework to enhance oversight and manage grant facing, operational, and business process risks along the three lines of defense. The approach is underpinned by a comprehensive set of systems, tools, processes, and documentation, which are periodically reviewed and updated with the last update made in 2024. Internal tools like IRM provide data to inform risk management and organizational reviews focusing on strategic alignment. Second-line risk management improves oversight and policy coordination. Country portfolio reviews guide grant-facing decision-making at a senior management level, while a robust monitoring and oversight framework is in place to manage C19RM investments. Business process oversight, internal control reviews, and a performance & accountability framework drive accountability and process efficiency across the Secretariat. Thematic and enterprise level deep dives inform strategic discussions to ensure effective risk identification and monitoring.



Planned response – ON TRACK

The Secretariat continues to focus on adapting its risk management approach to the continuously evolving risk landscape. Informed by the OIG advisory, AFC and Board guidance, and the recent risk and assurance review, work has started to evolve the risk program. The evolution includes restructuring of the risk function to be thematically oriented, an update of the risk taxonomy, risk appetite framework, and risk appetite statements to ensure stronger alignment with strategic priorities. Current efforts also focus on improving consistency and quality of risk assessment and mitigation plans, strengthen oversight of implementation of prioritized key mitigating actions and assurance activities, and strengthen analytical capacity and use of data to better inform early identification of changes in the risk landscape. These initiatives are being complimented by promoting a risk aware culture through trainings and information sessions, ensuring a shared understanding among in-country implementers (front line), country teams and second line functions.




Outlook

The direction of travel is increasing. While the overall level remains moderate, the ongoing restructuring of the risk function, updates to the risk taxonomy and appetite framework, and renewed emphasis on strengthening analytical capacity and risk culture will require a transition period. These internal shifts, combined with persistent external volatility and resource constraints, may temporarily elevate residual exposure until the enhanced frameworks, processes, and training are fully embedded and operationalized.

Organizational Culture (Risk Owner: HR, Ethics supported)

The risk involves the failure to foster a performance-based and ethical culture among staff, crucial for upholding the Global Fund's corporate values and protecting its reputation. This could lead to operational inefficiencies, diminished workforce capacity and effectiveness, reputational harm, and adverse effects on staff well-being.

Residual Risk	■ MODERATE	Direction of Travel	INCREASING 
Global Fund Ability to Mitigate	MODERATE		



Potential key drivers

Potential key drivers include failure to support a culture of accountability, equality of opportunity and an environment where staff feel comfortable offering their insights. Potential consequences are breaches of the code of conduct, unethical behavior, and conflicts of interest. Another potential driver is the variability in people management capabilities, which could result in poorly articulated performance expectations, challenges in managing poor performance, and limited opportunities for staff development. Additionally, operational inefficiencies may arise from unclear processes, the absence of performance targets, and insufficient accountability, potentially hindering work prioritization, collaboration, and leading to an increased staff workload. A perceived lack of fairness stemming from inadequate communication, poorly managed organizational change, unclear reward structures, and limited scope for development opportunities may erode organizational culture.



Current Response

The organization has actively responded to the identified risk drivers with several strategic initiatives. An Ethics and Integrity framework is put in place, alongside Ethics policies and the revised Code of Conduct has been launched, all of which will be bolstered by awareness efforts, targeted training programs as well as staff commitments to the new Code. The Ethics Office at the Secretariat supports the cultivation of an ethical organizational culture by defining clear behavioral standards and providing training to ensure these standards are effectively communicated and understood. The HR Department is responsible for developing and implementing procedures that uphold these behavioral expectations, addressing misconduct, wrongdoing, or policy violations in alignment with HR policies and rules. Additionally, HR and Ethics ensure the effective implementation of the Internal Justice Mechanism, in collaboration with the Staff Support Ecosystem, to facilitate both informal and formal conflict resolution, manage disputes, and uphold accountability in cases of misconduct. In parallel, HR leads the implementation of the People & Organization Ambition 2023-2028 five-year plan including activities centered around key focus areas including talent management, as well as demonstrating a commitment to fostering a positive workplace culture.

Leadership capabilities are being enhanced through manager and employee development programs to foster accountability, performance and ensure staff feel better accompanied through the current period of upcoming changes and the leadership is strengthened. Pulse checks are also planned to get a regular sense of how the organization is doing and progressing. Wellbeing resources and coaching support continue to be made available to all staff to support their performance and navigate change. Several measures to ensure planned and managed transition are in place to mitigate the impact of the organization change on the organizational culture: regular communications and transparency about the plans, Voluntary Early Separation and Early Retirement Program, specific change management interventions for Managers and Employees, Internal Recruitment first modalities as well as an overall hiring freeze while also a permanent switch to Defined Duration contracts for new vacancies.



Planned response – ON TRACK

A project is underway to refine the Internal Justice Mechanism (IJM). This initiative seeks to enhance both informal and formal processes for resolving disputes and conducting investigations, with the objective of fostering a supportive environment where employees can raise workplace concerns or allegations of

misconduct through transparent and effective mechanisms. Furthermore, a review of HR policies, rules, and procedures, including the Employee Handbook, is ongoing. This effort aims to ensure clarity, relevance, and alignment with organizational priorities. Continued communication and proactive change management aim to support the organizational evolve as the organization transforms.



Outlook

While the risk level remains moderate for now, the direction of travel is increasing. In addition to existing risk drivers, inherent risk increased due to the changes in the global multilateral environment and uncertainty around the outcome of the next replenishment. The key challenge is to navigate change required to align the cultural expectations and behaviors with the organization's reality and outlook in the changed operating environment. Within a complex external environment, many of these risks will persist during this transition period.

Workforce Capacity, Efficiency & Wellbeing (Risk Owner: HR)

The risk involves a misalignment between resource availability and organizational needs due to inadequate work planning, lack of resource prioritization, overcommitment at divisional levels, and inefficient business processes, often exacerbated by supervisory weaknesses. This misalignment creates conflicting priorities and workload pressures, negatively impacting staff health and wellbeing. Consequently, the organization faces challenges in delivering its objectives, with some employees overstretched, affecting both their personal well-being and that of their team members who must compensate for the additional workload.

Residual Risk	■ HIGH	Direction of Travel	INCREASING
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Global Fund Ability to Mitigate	SIGNIFICANT
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Potential key drivers

In the current environment, the key risk driver is failure to adapt ways of working and expected deliverables, including to the governance bodies, to reduce future resources. Further risk drivers include insufficient and ineffective prioritization and reprioritization of organizational activities, leading to unsustainable workloads exacerbated by budget constraints. Inadequate people management capabilities hinder performance and talent development, while inefficient business processes reduce productivity. The organization is facing significant changes and shifting priorities, contributing to change fatigue and a decline in staff motivation and engagement. There is an increased risk of staff burnout but also future contract uncertainties, fueled by an external international development environment, societal challenges (like inflation and conflicts) and financial drivers. These organizational changes necessitate enhanced capacity to manage expanded responsibilities. Attracting and retaining top talent is challenging in a period of uncertainty.

Current Response

Integrated organizational and workforce planning aligns priorities with workforce needs, supplemented by effective change management through development programs and transparent communication. Enhanced leadership capabilities are being developed through targeted training, supported by new performance cycles and recognition frameworks. Staff well-being is supported through targeted interventions, pulse check surveys, and support services from an ombudsman, staff counselor, and occupational health advisor. The People and Organization Ambition initiative focuses on developing a strong organizational culture, effective talent management, increased leadership, and continuous HR service improvement. The organization is continuously improving its workforce planning capacity, with 'Adaptive' as a dedicated module in Workday.

Planned response – **ON TRACK**

The planned response to risk drivers involves implementing the priorities of the People and Organization Ambition, focusing on organizational development, retaining the right talent, enhancing leadership and accountability, and continually improving HR delivery. To improve the health and well-being risks, several initiatives are underway: staff support program has been launched across the organization in 2025; manager & employee groups sessions are underway and help navigate through change and uncertainty; employees now have direct access to enhanced employee assistance programs. As part of the policy improvement ambitions, HR is ensuring sick leave costs are systematically reconciled and the health management approach re-looked at and addressed in a holistic manner. Furthermore, the Workday 'Adaptive' module is being used for strategic workforce planning purposes, helping to further streamline processes, defining a framework for data-based decision making and creating a shared vision, accessible to stakeholders and proactively engaging with them. Increased communication and change management are deployed to ensure effective workforce and staff wellbeing through the transition period. HR capacity and focus have been adjusted to manage upcoming separations and HR processing of organizational restructuring. Measures are underway to ensure effective and timely completion of these activities.



Outlook

Improved workforce management, and slight improvements in sick leave numbers and annual leave taken in 2024 were pointing in the right direction. However, workforce uncertainties for 2025 and beyond keep the direction of travel increasing. Monitoring and adapting workforce capacity through planned and managed change, despite uncertainty, remain key priorities. Measures are in progress to adjust future ways of working, anticipate for overall workforce shrinking in 2025 and beyond. Robust scenario plans elaborated together with HR are being built to anticipate challenges linked to future workforce reduction and identify mitigations. Key purpose is to support both HR and the broader organization managing short term risk and mid-term people and organization related efforts.

Ethics, Legal & Governance

Ethical Misconduct and SEAH (Risk Owner: Ethics)

This risk involves ethical misconduct by governance members and delegates, Global Fund staff, implementers, suppliers, or partners (such as fraud; corruption; conflicts of interest; retaliation; sexual exploitation, abuse, and harassment; breaches of privacy; and non-compliance with Codes of Conduct and policies), all of which contravene the Global Fund's values and standards. It also includes risks that systems to prevent and respond to sexual exploitation, abuse, and harassment (SEAH) are inadequate and cause harm to individuals, or that associations with counterparties engaged in unethical or unlawful practices create reputational harm. If these risks materialize, they can cause serious harm to individuals, reduce access to life-saving goods and services, distort decision-making, undermine program quality, compromise data protection, and damage the Global Fund's credibility, stakeholder trust, and donor relationships

Residual Risk	■ HIGH	Direction of Travel	INCREASING ↑
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Global Fund Ability to Mitigate	MODERATE
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Potential key drivers

Risk drivers include tone from the top, institutional incentives, and culture that are misaligned with corporate values and codes of conduct. Risk drivers also include conflicts of interest that are not properly disclosed or managed, inadequate mechanisms to identify and manage counterparty risks, inadequate accountability for wrongdoing, a weak internal justice mechanism (IJM), ineffective/inefficient business processes and assurance mechanisms, and weak privacy of confidential staff data. Additional risk drivers related to SEAH include insufficient capacity to prevent, detect, or respond to sexual exploitation, abuse, harassment, or child abuse.

Current Response

Ethical Misconduct: Codes and policies are regularly maintained and updated to reflect evolving expectations. The Code of Conduct for employees was recently updated, accompanied by a learning and engagement plan that includes mandatory ethics training for staff. Regular learning and engagement on ethics principles is provided to Staff, Governance Bodies, and CCM ethics officers and focal points. Systems and procedures are in place to conduct integrity due diligence on counterparties. Grant management systems and processes include procedures to manage fraud and corruption risks in grants. An Integrity Due Diligence framework and guidance is in place for use by implementers to apply a risk-based approach to all counterparties. A Regional CCM Ethics Officer for Asia Pacific has been deployed since July 2025 on a pilot basis.

SEAH Risk: Mandatory PSEAH training is included for Secretariat staff and CCM ethics officers. Regular learning opportunities on PSEAH are also offered to CCMs and prioritized PR PSEAH focal points. PR PSEAH capacity is assessed and capacity building support provided pursuant to a prioritized, risk-based and impact-driven plan. Capacity assessments and action plans were completed for PRs in the 12 highest SEAH-risk/impact countries, are advanced in 2nd priority countries, and have started in 3rd priority countries. TA for capacity strengthening has been initialized across the two highest priority groups. The Ethics Office provides support for SEAH investigations and victim/survivors.

Planned response – ON TRACK

Ethical Misconduct: The Secretariat has clarified accountabilities for managing Ethics and Integrity risks and is developing a plan to integrate these into existing risk management processes. A new online disclosure tool is being finalized and will be launched in 2025 for more consistent and effective management of disclosures of interest for staff and governance officials. Training and guidance will accompany the launch to improve awareness on how to avoid conflicts, the obligation to disclose and how conflicts can be managed. Besides business-as-usual support, Integrity Due Diligence support continues for the critical BL and ED recruitment, to be followed by ethics-related onboarding. Support and guidance for CCM ethics focal points and officers is ongoing, a pilot for CCM ethics officers will conclude at the end of the year and we will use the lessons learned to adapt

the program to strengthen ethical decision making by CCMs. In 2026, the Global Fund will be hiring a total of three Regional CCM Ethics Officers to cover Anglophone and Francophone Africa and MENA, in addition to Asia Pacific. An 18-month project to refresh the IJM kicked off in Q3 2024 to ensure it is fit for purpose. A decision was made in April 2025 to move handling of staff misconduct allegations from HR to Ethics. This will be implemented by end of the year.

SEAH Risk: The rollout of country-facing SEAH Risk Management activities is scheduled on a risk-based, impact-driven basis, with PSEAH capacity assessments and strengthening continuing in Priority 1-3 countries from 2024. While work was paused at the beginning of the year, it is now resumed for Priority 1-3 countries. The additional roll out planned for priority 4-6 countries is still paused until further notice. During the pause, we have shifted to focus on developing online practical guidance and tools to enable in-country partners to build PSEAH capacity along the 9 PSEAH capacity standards. In addition, the three beneficiary-facing PSEAH awareness campaigns initiated in 2024 have been extended to three more countries in 2025. PSEAH capacity-building missions for implementers planned for 2025 to six high priority countries and the regional PSEAH capacity building workshop for PRs and SRs in Francophone Africa are currently paused due to funding uncertainties and fiscal tightening, and are being considered for 2026, with actual engagement to be determined closer to the planned date. CCM ethics officers will continue to be trained as PSEAH focal points through targeted learning and online engagement modules.

Outlook

The Global Fund's management of ethics risk is evolving with a strategic focus on improvements to organizational culture and internal justice, enhancing risk mitigation practices, including fraud risk management, setting clear expectations for ethical conduct and handling of ethics concerns, clarified accountability, and increased learning and engagement on ethical standards. Implementing the Integrity Due Diligence framework for implementers and focusing on SEAH risk mitigation reflects a commitment to strengthened ethical governance. However, the inherent risk driving Ethical Misconduct and SEAH is increasing in the current environment of macro-economic stress, political and security threats, shrinking space for community voices, growing concern over human rights risks across several countries, and Global Fund's financing uncertainties. Scarcity of resources enhances risks of competition promoting unethical practices, heightened vulnerability, lower duty of care, injustices, and increased opportunities for exploitation. This can also negatively impact ability and/or willingness to report or assess SEAH, COIs, and other misconduct. Further, ongoing fiscal tightening at Secretariat and grant levels is impacting ethics risks mitigation resources and activities (particularly safeguarding/PSEAH) at all levels. Therefore, the overall ethics risk remains high, while the direction of travel is increasing. Resumption of the prior plan or further development of the remote approach is required to strengthen organizational ability to manage SEAH risks in the near- to medium-term.

Legal (Risk Owner: LGD)

Legal risks arise from the actions and omissions of the Global Fund and its staff that may undermine its ability to protect its assets, staff, and mandate. It includes risks arising from the absence of Privileges and Immunities (P&I) in certain jurisdictions, which can limit legal protections for resources and staff; exposure to external legal and regulatory frameworks where P&Is do not apply, potentially resulting in governmental, judicial, or enforcement actions; failures to implement or observe Global Fund policies, creating governance and control weaknesses; and contractual risks linked to counterparty obligations, compliance costs, or inconsistencies with internal policies. If not properly managed, these risks may lead to resource losses, legal liabilities, operational inefficiencies, weakened protection for staff and assets, and reputational harm that constrains the Global Fund's ability to deliver on its mandate.

Residual Risk	■ MODERATE	Direction of Travel	STEADY →
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Global Fund Ability to Mitigate	MODERATE
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Potential key drivers

The Global Fund faces several legal risks. Contract risks are driven by funding conditionalities which may affect the Global Fund's values, strategy and grants, acceptance of third-party terms and inconsistent use of Global Fund contracts, leading to unintended obligations, increased compliance costs, and challenges in negotiations, especially with pharmaceutical companies. Geopolitical and supply chain issues also impact procurement contracting. External legal risks are driven by the application of extraterritorial laws and/or the absence of privileges and immunities (P&I), such as increasing sanctions enforcement or data protection regulation, as well as claims from counterparties to their sub-contractors and/or sub-recipients, under national laws where the Global Fund has engaged in procurement, grant financing or other activity. Internal legal risks are driven by organizational change in an increasingly resource-constrained environment, decentralized policy management and lack of a formal compliance structure.



Current Response

The Global Fund's response to contract risk involves prioritizing strategic grant, procurement and contribution agreements. Standard terms and templates have been developed for grants, procurement, and contributions, with revised procurement terms and conditions, and updated Grant Regulations and operational policies. Delegations of Signature Authority require clearances from various departments, including legal, finance, business teams and risk management. For P&I, the response is guided by the reactivated Privileges and Immunities Advisory Group and a revised P&I strategy, with oversight from the EGC and prioritized country engagement. Standard contracts also address P&Is and dispute resolution. Internal legal risks are managed through Legal and Governance Department (LGD) guidance and collaboration, facilitating Board and Committee approvals, Secretariat decision-making and legal reviews of policies, reporting requests, organizational changes and prioritization measures. Legal Counsels embedded in Country Teams (CTs) advise on grant requirements and the application of Global Fund operational policies in the context of grant making, implementation and closure. External legal risks are addressed through engagements on legal status, assertion of P&Is, advice from local counsel, limitations of liability and indemnity provisions in contracts, updated arbitration guidance, streamlined external legal adviser engagement, sanctions monitoring, and privacy clauses in agreements.



Planned response – ON TRACK

The planned response to risk drivers includes, among others, enhanced engagement with foreign affairs ministries, negotiating P&Is during grant making and agreeing to the conferral of P&Is through bilateral agreements, along with other targeted efforts to expand geographical coverage.



Outlook

A moderate risk level is expected to be maintained.

Governance & Oversight (Risk Owner: LGD)

Actual or perceived governance weaknesses such as quality or timeliness of decision-making and oversight, failure to prioritize or lack of strategic focus - could present risks to the implementation of the Global Fund Strategy, stakeholder engagement and resource mobilization outcomes. Actual or potential disruption to strategic direction, decision-making, or organizational stability due to high volume of leadership transition in 2026.

Residual Risk	■ MODERATE	Direction of Travel	INCREASING ↑
Global Fund Ability to Mitigate	SIGNIFICANT		

Potential key drivers

Include (i) **Structural features**, such as 2-year Board Member terms, turnover of Board Members, and a large and complex governance mechanism; (ii) **Multi-stakeholder Board model with diverse stakeholder interests** brings inherent tension, sometimes leading to lack of consensus and impacting level of effort (iii) **Variations in the nature, setup, and resources of constituencies** with implications for their internal functioning and capacity to engage, potentially impacting decision-making and oversight; (iv) **Division of labor among governing bodies** may result in duplication of discussions at Board and Committee level, over-consultation, high level of effort or challenges around trust; (v) **Complex governance processes, volume of agenda items and reporting** result in high level of effort and may pose risks to strategic focus, with ; (vi) **Uncertainty in global health landscape** increasing complexity of governance-level discussions and decisions, including on priorities and trade-offs; (vii) **Enforcement capacity regarding internal constituency matters**, and risks associated with use of constituency funding; ((viii) **Multiple high-level selection processes** and leadership change in 2026; (ix) **High volume, profile and risk of governance work** during the 2025-2026 period potentially overburdens governance bodies and support structures in a resource constrained environment; and (x) **Reduced capacity to support governance work** in a resource-constrained environment.

Current Response

The most recent independent comprehensive Governance Performance Assessment (2024) notes that Global Fund governance has been significantly strengthened over the past five years and that the Board is effective in undertaking its core oversight functions. While this result is a strong baseline that enables streamlining of routine governance activities to focus on the highest strategic governance priorities and potential associated risk, continued attention is required in an environment of change and uncertainty and to avoid putting progress and governance effectiveness at additional risk.

Key mitigating actions to respond to risk drivers include, but are not limited to, the following:

(i) **Structural** – 3-year Board Leadership and Committee terms; competency-based selection processes; refreshed onboarding framework in routine implementation; Additional Public Donors Constituency allows entry for additional donors; Donor Group Framework for allocation of seats. Cross-cutting efforts to address size and complexity of governance covered below.

(ii) **Multistakeholder Board with diverse stakeholder interests** – broad efforts to enable attention to duty of care, shared purpose, and culture of trust; policies embedded including Code of Conduct and associated certification; increasingly robust declaration of interest practice for Governance Officials; Integrity Due Diligence Framework in active use; continued attention to nurturing a culture of trust, collaboration and accountability and to fostering effective governance culture within and between governance bodies, and between governance and administrative bodies; leveraging role of Coordinating Group and Management to support effective culture; encouraging interactive Board deliberations; attention to awareness among governance officials regarding duty of care to make decisions in the best interest of the mission.

(iii) **Variations in the nature, setup, and resources of constituencies** – provision of best practice guidance on constituency management; funding provided to implementer constituencies to support engagement with

guidance to optimize funding use; Virtual Governance platform rolled out supporting constituency engagement, knowledge management and participation.

(iv) **Division of labor among governing bodies** –role of CG facilitating prioritization and coordination between Board and committees, leveraging role of committees, remaining attentive to performance and effectiveness, and facilitating effective oversight of cross-cutting issues; agendas designed to support focused discussion; Board reporting aims to leverage committee inputs in support of strategic Board discussion.

(v) **Complex governance processes, volume of agenda items and reporting** – strategically focused Board, committee and retreat agendas; leveraging CG role to prioritize work plans; ongoing attention to effective, streamlined reporting including clarity on risks and trade-offs, use of new reporting modalities and tools (KPI and Financial Dashboards; Virtual Governance platform), and leveraging M&E, KPI and risk reporting, as well as informal reporting modalities. Adapted Board and Committee work-planning and engagements for the Q4 2025 – 2026 period to support continued engagement and to align governance timelines with evolving priorities and decision-making needs.

(vi) **Ongoing EGC and CG attention to prioritization of governance workstreams** and discussions based on strategic governance priorities, highest risk and value added – notably postponing and pausing certain routine governance workstreams during the Q2 2025 - 2026 period allowing focus on delivery of high-level selection processes with continued risk monitoring to effectiveness governance. Complemented by (a) exploring additional opportunities for efficiency and effectiveness gains in governance procedures or operations on an ongoing basis and as required in the evolving global health landscape, and (b) careful consideration of any emerging governance initiatives prior to addition to governing body work-plans.

(vii) **Uncertainty in global health landscape** – cross-cutting efforts, outlined above, to enable a strategically-focused Board, acting in best interests of the Global Fund mission, and supported by effective reporting, constituency engagement and strong governance culture all serve to address this risk area; procedures in place to enable urgent decisions to safeguard the Global Fund Mission.

(viii) **Enforcement capacity regarding internal constituency matters** – annual constituency reporting including to EGC; support to constituencies on routine review and continuous improvement of internal practices; independent LFA verification of constituency funding use.

(ix) **Robust selection processes**, including dedicated risk management approach, with mitigation actions directly linked to key enablers for successful outcomes.

 **Planned response – ON TRACK**

Proactive risk identification, mitigation and prioritization efforts undertaken throughout 2025 in preparation for high priority workstreams ahead and increasing complexity in the governance and external landscape.

Governance risk identification, monitoring and mitigation will continue through the organizational risk management approach, and taking into consideration EGC discussions and recommendations related to (i) sustaining gains for governance effectiveness (ii) ongoing/future governance enhancements or adaptations including in follow up to performance assessments, and (ii) governance effectiveness in an evolving global health and funding environment. As relevant, operational mitigations will be identified and developed taking into consideration additional EGC and Board input.

 **Outlook**

A 'Moderate' risk level is expected to be maintained; however, the direction of travel has been increasing since Q3 2024 due to growing uncertainty in the strategic and funding landscape. This can potentially lead to disruptions in the effectiveness of governance structures and processes, which could impair the quality and timeliness of decision-making and oversight. This uncertainty may also strain stakeholder engagement and support mechanisms, leading to challenges in resource mobilization and the adequacy of financial resources needed to meet the Global Fund's strategic goals for 2023-2028. While the overall planned response to mitigate and control governance risk is currently on track, as being discussed with the EGC, CG and Board, in

a resource constrained environment there will have to be a higher acceptance of risk levels and operational approaches be adapted accordingly.

Glossary of Terms

Abbreviation	Definition
AFC	Audit and Finance Committee
AI	Artificial Intelligence
ALM	Asset-Liability Management
AMA	Agreed Management Action
API	Active Pharmaceutical Ingredient
ARV	Antiretroviral
ASP	Additional Safeguard Policy
AU-ALM	African Union - AIDS Watch Africa Leaders Meeting
B47	Board Meeting 47
BDB	Breaking Down Barriers
BMGF	Bill and Melinda Gates Foundation
C19RM	COVID-19 Response Mechanism
CCM	Country Coordinating Mechanism
CRO	Chief Risk Officer
CSO	Civil Society Organization
DHF	Domestic Health Financing
DP	Decision Point
DRC	Democratic Republic of Congo
eLMIS	Electronic Logistics Management Information System
ERCD	External Relations and Communications Division
ERP	Enterprise Resource Planning
FRM	Fraud Risk Management
GC	Global Fund's Replenishment Cycle

GDF	Global Drug Facility
GF	Global Fund
GLC	Grant Life Cycle
GMD	Grant Management Division
GOS	Grant Operating System
HIV	Human Immunodeficiency Virus
HTM	HIV, Tuberculosis, and Malaria
ICSC	In-Country Supply Chain
IJM	Internal Justice Mechanism
INGO	International Non-Governmental Organization
IRS	Indoor Residual Spraying
IT	Information Technology
ITN	Insecticide-Treated Net
IVD	In-Vitro Diagnostics
KMA	Key Mitigating Action
KVP	Key and Vulnerable Populations
LFA	Local Fund Agent
LLIN	Long-Lasting Insecticidal Net
M&E	Monitoring and Evaluation
MDR-TB	Multidrug-Resistant Tuberculosis
MFA	Multi-Factor Authentication
MQAS	Model Quality Assurance System
OE	Operational Efficiency
OIG	Office of the Inspector General
ORR	Organizational Risk Register
PFM	Public Financial Management
PMRD	Performance Management and Risk Division

PPC	Policy and Strategy Committee
PPE	Personal Protective Equipment
PR	Principal Recipient
PRC	Procurement Review Committee
PSA	Procurement Service Agent
PSEAH	Prevention of Sexual Exploitation, Abuse, and Harassment
Q2	Second Quarter
RDT	Rapid Diagnostic Test
RSSH	Resilient and Sustainable Systems for Health
SEAH	Sexual Exploitation, Abuse, and Harassment
SI	Strategic Initiative
SIID	Strategic Initiatives and Innovative Financing Division
SO	Supply Operations Division
SR	Sub Recipient
SSA	Sub-Saharan Africa
TB	Tuberculosis
TERG	Technical Evaluation Reference Group
TRP	Technical Review Panel
TSS	Targeted Software Standards
UHC	Universal Health Care
UN	United Nations
UNITAID	International Drug Purchasing Facility
VCP	Vector Control Product
WHO	World Health Organization
WMS	Warehouse Management System

Annex 2 – Relevant past Board decisions

Relevant Past Decision Point	Summary and Impact
<p>GF/B52/DP08: Amended Risk Appetite Statements (November 2024)¹</p>	<p>Based upon the recommendation of the Audit and Finance Committee, the Board approves the amended Risk Appetite Statements, including the timeframes to achieve target risk levels, as set forth in the table in Annex 1 to GF/B52/03A, acknowledging that the target risk level for each risk shall become the revised risk appetite at the target due date, or when earlier achieved.</p> <p>This decision point and the amended Risk Appetite Statements approved by it shall supplement decision points GF/B49/DP04 and GF/B50/DP03.</p>
<p>GF/B50/DP03: Amendments to the Risk Appetite Statements (November 2023)²</p>	<p>Based upon the recommendation of the Audit and Finance Committee, the Board approves the amended Risk Appetite Statement, including risk appetite and timeframes to achieve target risk, as set forth in the table in Annex 1 to GF/B50/03, acknowledging that the target risk level for each risk shall become the revised risk appetite at the target due date, or when earlier achieved.</p> <p>This decision point and the amended Risk Appetite Statement approved by it shall supplement decision point GF/B49/DP04 (May 2023).</p>
<p>GF/B49/DP04: Amended Risk Appetite Statements (May 2023)³</p>	<p>Based upon the recommendation of the Audit and Finance Committee, the Board approves the amended Risk Appetite Statements, including risk appetite and timeframes to achieve target risk, as set forth in the table in Annex 1 to GF/B49/04, acknowledging that the target risk level for each risk shall become the revised risk appetite at the target due date, or when earlier achieved.</p>
<p>GF/B32/DP11: Approval of the Risk Management Policy (November 2014)⁴</p>	<p>Based on the recommendation of the Finance and Operational Performance Committee, the Board approves the Risk Management Policy, as set forth in Annex 3 to GF/B32/13.</p>