Risk Office Annual Risk Management Report 2025

55th Board Meeting

GF/B55/03A
9 – 10 July 2026, Geneva, Switzerland

Board Information

Purpose: To provide the Board with an update on the status of the organization's risk profile and risk management priorities for 2026.

I. Foreword

This Annual Risk Management Report is submitted to support the Board in making risk-informed decisions in the best interests of the Global Fund and the communities we serve. Overall, while the Global Fund remains institutionally resilient, the organization is operating in a sustained elevated risk environment that is expected to intensify in the near term, driven primarily by funding uncertainty, rising delivery complexity, and constrained institutional capacity.

This report provides my assessment of the Global Fund's current risk profile and outlook, taking into account the effectiveness of past and ongoing mitigation efforts, residual risk levels, material shifts in the operating environment, and emerging risks that may affect the organization's ability to deliver on its mission. The assessment reflects the professional judgment of myself and the Risk Office, informed by a combination of qualitative and quantitative inputs, including:

- results and observations from risk monitoring activities conducted by the Risk Office;
- outcomes from the risk management program evolution (Annex 1);
- the status of residual risks and associated mitigation actions reflected in the Organizational Risk Register and business owner reporting (Annex 2);
- findings and insights from the Office of the Inspector General, including its Annual Report to the Board; and
- results of the annual forward-looking risk survey, incorporating inputs from the Management Executive Committee (MEC), the Inspector General, and thematic leaders across the Secretariat.

Over the past year, the Global Fund navigated unprecedented disruption in the global health ecosystem with agility and resolve. However, new and compounding challenges are emerging in 2026. Evolving geopolitical tensions, reduced development assistance for health, increased donor conditionality, and competing national priorities are constraining the organization's ability to operate at the scale previously possible. These pressures increase both the likelihood and potential impact of critical risks materializing and will necessitate more explicit trade-offs, prioritization, and risk acceptance across the partnership.

As the risk outlook section of this report outlines, sustaining impact under these conditions will depend not only on effective risk mitigation by the Secretariat, but also on clear, consistent, and risk-informed direction from the Board regarding ambition, priorities, and acceptable levels of risk.

Michelle Beistle
Ethics Officer/Chief Risk Officer

II. Risk Profile

In 2025, the Global Fund operated under significant stress across the organization and the partnership. Unprecedented disruption to the global health landscape, heightened geopolitical and operational volatility, and sustained pressure on available resources collectively resulted in a materially elevated risk environment across all enterprise risk domains—Strategic, Program, Health Product Access, Finance and Fiduciary, Secretariat Operations, and Ethics, Legal, and Governance. Reputational risk increased across each of these domains, reflecting heightened stakeholder sensitivity to both performance and outcomes in a constrained environment.

Despite these conditions, the organization demonstrated a high degree of resilience, maturity, and operational relevance. With clear strategic steer from the Board, strong cross-functional coordination, disciplined risk monitoring, and timely escalation, the Secretariat was able to respond effectively to acute disruptions as they emerged and to mitigate several critical risks that could have otherwise resulted in severe organizational or programmatic impact. Key examples include:

- **Liquidity and viability risk** was mitigated through application of the Comprehensive Funding Policy modeling and monitoring measures, rescoping and reducing GC7 grant funding, and implementation of Secretariat operational cost containment measures, including significant reductions in Secretariat staffing.
- **Resource mobilization and pledge conversion risk** was mitigated through adaptation of the Eighth Replenishment approach, strengthened donor engagement and messaging, and development and deployment of the updated Pledge Confidence Framework. Together, these measures contributed to a strong replenishment outcome under challenging circumstances, mobilizing over US$12.6 billion for GC8.
- **Program delivery risk** was mitigated through a deallocation process that enabled the partnership to preserve essential services, optimize the use of available resources, and accelerate integrated service delivery across diseases.
- **Health product access risk** was mitigated by leveraging the Global Fund's market-shaping role to facilitate the introduction of Lenacapavir in countries with the highest HIV/AIDS burden, accompanied by a commitment from the manufacturer to accelerate generic production, and early planning for a non-grant-funded procurement mechanism to enable broader access to quality-assured products at pooled prices.

Collectively, these actions demonstrate the organization's ability to manage material risks through decisive intervention and partnership alignment. However, they also underscore that the current risk posture relies on active, often extraordinary mitigation measures rather than a stable operating baseline. Many of the risks addressed in 2025 were contained, not eliminated, and several mitigation actions involved difficult trade-offs that may not be sustainable over the medium term. As a result, while immediate threats were managed effectively, residual risk levels remain elevated, setting the context for the forward-looking risk outlook described in the following section.

III. Risk Outlook

In 2026, the Global Fund’s risk profile remains elevated and on an upward trajectory, reflecting a convergence of external pressures and internal constraints. The most significant enterprise risks over the period ahead can be grouped into five interrelated areas: funding volatility, program ambition and delivery capacity, access to health products, institutional agility, and leadership continuity.

Funding uncertainty represents the most material strategic and financial risk facing the organization. This risk is driven by the continued decline in development assistance for health, increasing donor conditions, and heightened uncertainty around pledge conversion. These pressures are compounded by the weakening of the U.S. dollar—the currency in which the majority of pledges and grant disbursements are denominated—and the strengthening of the Swiss Franc – the currency of our operational costs. The resulting mixed-currency exposure increases financial volatility and complicates medium-term planning, particularly in a constrained cost environment.

At the same time, the organization’s programmatic ambitions remain high relative to the level of resources mobilized for GC8, increasing program risk. While this ambition reflects the partnership’s mandate and commitment to impact, it introduces a material risk of diluted focus and uneven delivery. Risk is also unevenly distributed across the portfolio, with higher exposure concentrated in a subset of countries and heavily dependent on implementers’ execution capacity, efficiency gains, increased domestic financing, and uncertain funding from partners to these countries. Under these conditions, underperformance in a limited number of high-risk portfolios could have an outsized impact on overall results and reputation.

Health product access risk is also increasing, driven by rising logistics and freight costs, constrained manufacturing capacity for critical products, and persistent weaknesses in national supply chains. Continued innovation in market-shaping approaches will be required to mitigate these risks, including expanded use of non-grant-funded procurement. However, these approaches introduce new financial, operational, and reputational risks that will require careful governance and risk acceptance decisions.

The strategic shift toward greater reliance on domestic financing, national systems, and local implementers—while aligned with broader global health architecture initiatives—materially elevates program delivery, health product access, and fraud risks across the portfolio, including outside formal transition contexts. In environments with uneven institutional capacity, this increases the likelihood of stock-outs, service disruptions, suboptimal performance, and weakened oversight. Managing these tensions will require explicit, consistently applied, risk-informed trade-offs, including the acceptance of higher short-term risks to enable sustainable long-term impact.

A further cross-cutting risk arises from the growing gap between institutional capacity and the complexity of the Global Fund's operating and governance model. While existing controls remain largely effective, the cumulative weight of processes, oversight layers, and reporting requirements is constraining speed, decision-making, and execution at a time when greater agility and adaptability are required. Incremental adjustments will not be sufficient; structural change, meaningful simplification, explicit prioritization, and reduction in scope and delivery are required to realign ambition, resources, and delivery capacity. As these changes are designed and implemented, the increased transitional risk that Secretariat capacity to deliver on 2026 objectives is more likely to materialize.

Continuity of leadership will be critical in this environment of elevated and interconnected risk. The upcoming changes in Board leadership, the Executive Director, and membership of the Management Executive Committee introduce additional uncertainty and increase the likelihood that enterprise risks may intensify, particularly during transition periods. Both the Board and the Secretariat share responsibility for mitigating this risk through robust selection, transition, and onboarding arrangements.

Given these dynamics, the organization's reputational risk remains highly sensitive to program failures, operational disruptions, control breaches, integrity concerns, and perceived governance weaknesses. In the current environment, even isolated adverse events could have a disproportionate impact on donor confidence and future resource mobilization.

This Risk Outlook underscores the need for active, sustained Board engagement, particularly where Board decisions materially influence the organization's risk exposure. This includes:

- explicitly accepting higher levels of risk where ambition exceeds available funding and operational capacity;
- providing clear, consistent direction to enable prioritization, including risk trade-offs and risk acceptance, in a resource-constrained environment;
- balancing donor expectations and geopolitical considerations with funding realities;
- exercising caution before reopening past decisions or launching new initiatives unless there is a clear benefit to programmatic impact and a willingness to deprioritize other work;
- simplifying governance structures and reporting requirements in line with reduced operational resources; and
- exercising oversight of robust processes for the selection, transition, and onboarding of new Board leadership and the Executive Director.

In conclusion, the Global Fund retains strong institutional foundations and remains capable of delivering impact in a highly constrained environment. However, the current risk profile and upward trajectory mean that sustaining results and donor confidence will depend on deliberate strategic choices by the Board. Aligning risk appetite, ambition, resources, and execution—supported by focused Board engagement and coherent leadership—will be critical to navigating the next phase effectively.

Input Received

At their 30th meetings, the Audit and Finance Committee (AFC), the Strategy Committee (SC), and the Ethics and Governance Committee (EGC) acknowledged a materially elevated and increasing risk environment, driven by funding uncertainty, delivery complexity, constrained capacity, and a volatile operating context. Across discussions, Committees highlighted the misalignment between ambition and available resources and emphasized the need for clearer prioritization, stronger trade-offs, and more disciplined, risk-informed decision-making.

The AFC's input focused on strengthening the risk management framework, calling for clearer, more actionable reporting, stronger escalation of risks outside tolerance, and enhanced governance and oversight. Key concerns included programmatic risks, sustainability of community and transition-related risks, supply chain and health product access pressures, and financial oversight, with emphasis on transparency, adaptability, and effective management of trade-offs. The SC emphasized maximizing strategic impact through practical prioritization, governance simplification, and improved accountability and transparency at country level. Discussions highlighted capacity constraints and staff wellbeing, and the importance of addressing cross-cutting risks, including Community, Rights and Gender considerations and implementation challenges. The EGC underscored that, while the organization remains strong, the overall risk posture is increasingly fragile and reliant on sustained mitigation efforts. The Committee emphasized the need for clearer prioritization, disciplined decision-making, and more focused and inclusive governance, highlighting the importance of trust, transparency, and adaptability in managing interconnected risks.

ANNEXES

The following items can be found in Annex:

- Annex 1: Risk Management Evolution Summary
- Annex 2: Organizational Risk Register and Summary- Q1 2026
- Annex 3: Relevant past Board decisions
- Annex 4: Links to Relevant Past Documents & Reference Materials

Annex 1 – Risk Management Evolution Summary

The evolution of the Global Fund’s risk management approach has been informed by sustained engagement with the MEC, the OIG, the Committees, and the Board. An OIG advisory issued in 2024 provided key recommendations to strengthen the risk management framework. These inputs informed a refresh of the risk management program in 2025, aimed at improving consistency in risk assessment and enabling more structured, transparent, and risk-informed decision-making at all levels, including the Board.

During 2025, Risk Office focused on establishing the foundations of the evolved program. Key actions included updating the risk taxonomy to distinguish enterprise risks (Level 1) overseen by the Board, organizational risks (Level 2) overseen by the MEC, and operational risks (Level 3) managed by business risk owners; fully transitioning the Risk Office to a second-line monitoring role; and updating the risk appetite framework. Following MEC endorsement, the evolved risk management program—including the updated taxonomy, approach, and risk appetite framework—was presented to the standing Committees and to the Board for review and endorsement at its 54th meeting.

At its 29th meeting, the Audit and Finance Committee broadly endorsed the direction of travel and emphasized the importance of adapting the framework and risk appetite to support effective decision-making in a volatile environment. The Board supported the revised taxonomy, clearer escalation pathways, and a more explicit articulation of risk appetite, and agreed to the proposed timeline to present three enterprise risk appetite statements in July 2026 and the remaining three in October.

As committed, the updated risk appetite framework and statements for Program Risk, Health Product Access Risk, and Finance and Fiduciary Risk are presented concurrently with this report for Committee endorsement and Board approval. In 2026, focus will shift to completing the design and deployment of streamlined risk management tools to integrate risk appetite more effectively into decision-making, including the integrated risk management system, organizational risk register, incident reporting and management, and monitoring and escalation processes. These tools will leverage data, automation, and artificial intelligence to improve efficiency. Reporting will continue to be sharpened to support the difficult prioritization and trade-off decisions required to position the Global Fund to deliver on its mission and sustain impact.

Annex 2 - Organizational Risk Register Summary as of Q1 2026

Enterprise Risk	Organizational Risk	Residual Risk Level	Direction of Travel	Ability to Mitigate
Strategic	Resource Mobilization	High	Increasing ↑	Moderate
Program	HIV Program	High	Increasing ↑	Moderate
	TB Program	High	Increasing ↑	Moderate
	Malaria Program	Very High	Steady →	Moderate
	Community, Rights & Gender barriers to HTM services	High	Increasing ↑	Moderate
	Program implementation and oversight	Moderate	Increasing ↑	Moderate
	Co-financing and Transition	Very High	Steady →	Moderate
Health Product Access	Pooled Procurement Mechanism	Moderate	Increasing ↑	Significant
	In-Country Supply Chain	High	Steady →	Moderate
	Quality Assurance	Moderate	Steady →	Moderate
Financial & Fiduciary	Grant-related Finance & Fiduciary	Moderate	Increasing ↑	Moderate
Secretariat Operations	Support Processes	Moderate	Increasing ↑	Significant
	People and Organizational Culture	High	Increasing ↑	Moderate
	Digital Technology & Cybersecurity	Moderate	Steady →	Moderate
Ethics, Legal & Governance	Ethical Misconduct	High	Increasing ↑	Moderate
	Legal	Moderate	Steady →	Moderate
	Governance	Moderate	Increasing ↑	Significant

Note: As the new Risk framework is under construction, ratings have only been established for Level 2 risks already measured in Q4 2025, new risks ratings will be introduced in 2026.

See LINK to risk summaries for all risks outlined above.

Annex 3 – Relevant Past Board Decisions

Relevant Past Decision Point	Summary and Impact
GF/B52/DP08: Amended Risk Appetite Statements (November 2024)[1]	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. This decision point and the amended Risk Appetite Statements approved by it shall supplement decision points GF/B49/DP04 and GF/B50/DP03.
GF/B50/DP03: Amendments to the Risk Appetite Statements (November 2023)[2]	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. This decision point and the amended Risk Appetite Statement approved by it shall supplement decision point GF/B49/DP04 (May 2023).
GF/B49/DP04: Amended Risk Appetite Statements (May 2023)[3]	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.
GF/B32/DP11: Approval of the Risk Management Policy (November 2014)[4]	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.

Annex 4 – Relevant Past Documents & Reference Materials

Risk Management Report (February 2026)

Risk Management Report (May 2025)