Risk Appetite Framework & Risk Appetite Statements

As approved by the Global Fund Board on 9 July 2026[1]

[1] GF/B55/DP03: The amended Risk Appetite Framework and Risk Appetite Statements were approved by the Global Fund Board on 9 July 2026

Risk Appetite Framework

1. The Global Fund operates in complex and uncertain environments where achieving impact requires balancing ambition with risk. The Risk Appetite Framework sets out how the organization defines and governs the level of risk it is willing to accept in pursuit of its strategic objectives.

Definition

2. Risk Appetite is the amount of risk, at a broad level, that an organization is willing to accept in pursuit of its strategic objectives. Risk Appetite influences the organization's risk culture, operating style, and decision-making.

Purpose

3. Risk Appetite is a core element of the Global Fund's enterprise risk management framework. A clearly defined Risk Appetite complements broader risk management processes, which include risk identification, mitigation, monitoring, and assurance mechanisms.

4. Risk Appetite does not determine the importance of individual risks or directly reduce risk; it is one of a suite of organizational tools for approaching, managing, and escalating risks through informed decision-making on prioritization and trade-offs.

5. This framework describes the principles used to establish and maintain relevant Risk Appetites for the organization to serve three primary functions:

i. **Strategic Guidance**: Enables the Board to establish an acceptable balance between risk and impact in pursuing its mission.

ii. **Governance Oversight**: Provides the basis for risk monitoring and escalation when risk exceeds acceptable parameters.

iii. **Operational Decision-Making**: Provides management with clarity to appropriately manage strategic, program, financial, and operational risks through trade-offs and resource prioritization.

6. This framework also clarifies the three lines of responsibility:

i. **The Board & Committees**: The Board defines overall Risk Appetite. The Committees provide risk oversight, advice on the Global Fund's overall risk profile including risk appetite where appropriate and support the Board in assessing whether risks remain within the approved appetite.

ii. **Management:** Manages risks within the approved Risk Appetite.

iii. **Risk Office**: Monitors and reports on the risk profile across the organization.

Criteria for Selecting Risks for Appetite Setting

7. The Global Fund faces numerous strategic, program, financial and operational risks in delivering on its objectives. These risks are prioritized by the Global Fund's senior management and are catalogued and reported through the Organizational Risk Register (ORR).

8. The following principles guide the selection of risks for Risk Appetite articulation:

i. Strategic Importance: Critical to achieving the Global Fund's mission.

ii. Measurability: Measurable in a simple, transparent, and objective manner to monitor risk profile trends over time.

iii. Controllability: The Global Fund and its partners have at least a moderate ability to mitigate or influence the risk's evolution.

iv. Decision Utility: Provides direction for risk trade-offs and resource allocation, while aligning stakeholders on management approaches.

Risk Taxonomy and Governance Structure

9. To support effective oversight and risk-informed decision-making, the Global Fund organizes risks into a three-tier taxonomy reflecting governance responsibilities and management accountability.

Table 1: Summary of Tiers of the Risk Taxonomy

Tier (Level)	Description
1 - Enterprise	Enterprise Risks represent the most significant risks that could materially affect the Global Fund's ability to achieve its mission. These risks are subject to **oversight by the Board** and relevant Board Committees, and Risk Appetite is set at this level.
2 - Organizational	Organizational Risks represent major risk areas that contribute to Enterprise Risks. These risks are **overseen by Senior Management.**
3 - Operational	Operational Risks represent more granular risks arising from day-to-day activities within functions, programs or processes. These risks are **managed by Business Owners** responsible for implementing controls and mitigating actions.

10. This hierarchical risk taxonomy provides a clear line of sight from operational drivers to enterprise risks, enabling effective aggregation.

11. The **Board sets Risk Appetite at the Enterprise Risk level**, reflecting its governance role over the organization's most significant risks. **Management operationalizes** the Risk Appetite by defining differentiated Risk Positions for underlying Level 2 risks, consistent with the Board's Risk Appetite stance. These positions are shared with the Board for transparency and oversight but do not require separate approval.

12. To support implementation, the Secretariat defines risk indicators, thresholds and triggers to signal when risk approaches or exceeds the intended Risk Appetite. These thresholds ensure timely identification of elevated risk, support early management action, and ensure that significant exceptions or adverse trends are escalated.

13. The Risk function monitors risk indicators, assesses trajectories, and evaluates mitigation adequacy. Where the actual risk profile exceeds defined thresholds, management must assess underlying drivers, determine corrective actions, and escalate material issues through established governance processes.

14. The Risk Taxonomy thus aligns Risk Appetite, monitoring, and risk reporting across the organization. **See Annex 2** for the fully defined Risk Taxonomy.

Risk Appetite scale

15. Risk Appetite is set using a four-level scale to articulate the organization's risk stance across enterprise risks, representing increasing willingness to accept risk in pursuit of objectives from Averse to Aggressive as defined in Table 2.

Table 2: Risk appetite scale

Risk Appetite Stance	Averse	Cautious	Tolerant	Aggressive
Interpretation	The organization seeks to minimize exposure to this risk and prioritizes strong safeguards and controls. The organization prioritizes stability, control, and predictability. Decisions emphasize safeguarding resources and outcomes, relying on highly conservative approaches and strong oversight, with limited willingness to pursue initiatives that increase uncertainty.	The organization accepts certain risks in pursuit of its objectives, while prioritizing mitigations, controls and oversight. The organization emphasizes prudence and reliability while allowing limited flexibility to support operational needs. Decisions prioritize strong safeguards, compliance, and oversight, with new approaches considered only where risks are well understood and appropriate protections are in place.	The organization is open to higher risk where necessary to achieve programmatic and other objectives. The organization balances safeguards with flexibility to pursue strategic objectives. Decisions allow for innovation, system strengthening, and operational adaptation where these supports impact, while maintaining appropriate controls and accountability.	Higher levels of risk may be accepted to pursue strategic opportunities or innovation. The organization prioritizes impact, transformation, and rapid progress toward strategic objectives. Decisions encourage innovation, experimentation, and new approaches, accepting greater uncertainty and operational complexity while maintaining essential safeguards.

16. Interpretations vary by risk, reflecting the Global Fund's responsibility to maximize health impact while safeguarding organizational integrity and sustainability.

Measurement and Aggregation

17. Risk profile is monitored through risk indicators, residual risk assessments, and qualitative analysis. Together, these elements determine whether the actual risk profile remains consistent with the Board-approved Risk Appetite.

18. The relationship between these elements is summarized below.

Table 3: Relationship Between Risk Appetite, Risk Position, Residual Risk, and Risk Indicators

Element	Set by	Purpose
Risk Appetite	Board (Level 1)	Establishes the organization's overall willingness to accept risk in pursuit of its objectives.
Risk Position	Senior Management (Level 2)	Translates the Board-approved appetite into guidance for managing underlying risks.
Residual Risk	Business Owners	Measures the current level of risk (e.g., Low, Moderate, High, Very High) after controls and mitigation actions are applied.
Risk Indicators	Management	Metrics that monitor risk levels, to discern whether they are approaching defined thresholds.

Monitoring and Reporting

19. Grant and non-grant facing risks are measured through risk indicators, residual risk assessments, and qualitative analysis to track trends, concentrations, and emerging drivers relevant to operational and organizational risks.

20. Together, these measures provide an evidence-based foundation for assessing risk trajectory. This enables management to determine whether the actual risk profile remains consistent with the Board-approved Risk Appetite and to take corrective action if risks approach or exceed intended levels.

21. The risk profile will be reported regularly to governance bodies through reporting by business owners on their specific functional areas and the Risk Function through routine reporting.

22. Where risks exceed Level 2 thresholds, management will assess underlying drivers and determine response actions, such as strengthening mitigations, adjusting operations, or reallocating resources. Significant or persistent breaches of Level 1 Board-approved Risk Appetite will be escalated to relevant Committees with proposed corrective actions.

Review of Risk Appetite

23. Risk Appetite is reviewed periodically to ensure continued alignment with the Global Fund's strategy, operating environment, and evolving risk profile. Such reviews may occur during strategy cycles or when significant external or internal operating environment shifts warrant reconsidering the Risk Appetite stance.

24. At the enterprise level, the risk taxonomy is expected to remain broadly stable, as it reflects the core categories of risk inherent to the Global Fund's mandate and operating model. In contrast, underlying organizational and operational risks are reviewed and refined more regularly by management to reflect evolving risk drivers and organizational priorities.

25. Any proposed changes to Enterprise Risk Appetite Statements are discussed with the relevant Committees and submitted to the Board for approval. This ensures that adjustments to the organization's risk stance remain anchored in governance oversight and aligned with strategic direction.

26. To maintain operational alignment, the Secretariat adjusts Risk Positions across organizational risks in response to changes in the risk environment, operating conditions, or mitigation capacity. Adjustments to Risk Positions remain within the Secretariat's purview, provided they remain consistent with Board-approved Risk Appetite and are transparently reported through established governance and risk reporting processes.

27. The following section elaborates on the Risk Appetite statements for key Enterprise risks[2] as attachments to the updated Risk Appetite Framework (Annex 1).

[2] The Secretariat will evaluate the requirement for additional Risk Appetite Statements for the risks in Annex 2 during future periodic reviews.

Annex 1:1 Program Risk Appetite Statement

Definition & Risk Appetite Statements

Definition:

The risk that the Global Fund and the partnership fail to achieve the mission to end HIV, tuberculosis, and malaria because the programs it supports and the enabling systems are not designed, implemented, or performing at scale and quality to deliver sustainable and equitable health impact.

The key organizational components of the Program Risk span HIV, TB and malaria portfolios and the critical enabling components on which their success depends. These include resilient and sustainable systems for health, community systems and engagement, efforts to address human rights and gender related barriers to access HTM services, effective program implementation and oversight, adequate cofinancing, and transition pathways.

If not adequately managed, Program Risk may lead to slowing, stalling, or reversal of progress towards ending the three diseases. At the institutional level, persistent or unmitigated underperformance could compromise delivery of the Strategy, weaken value for money, and undermine the Secretariat's credibility as a trusted partner at a time when acceleration is essential.

Risk Appetite Statement:

The Global Fund maintains a **tolerant risk appetite for Program Risk**, recognizing that achieving sustained impact against HIV, tuberculosis and malaria require operating in complex implementation environments and accepting a degree of operational and delivery risk.

Under this stance, the organization accepts elevated implementation risk when it enables greater program impact and long-term sustainability. In a constrained financing environment, this reflects a deliberate willingness to manage complexity and variability.

This approach prioritizes delivery through national health systems and implementers, community-led responses, and the progressive adoption of innovative tools and service delivery models. While these approaches may introduce operational risks, they are essential to sustaining program reach, resilience, and equity.

The Global Fund acknowledges that short-term performance variability may occur, particularly as programs adapt to resource constraints and prioritization decisions, However, the Secretariat maintains clear expectations for performance, data quality, and accountability. Oversight is anchored in adaptive management, continuous learning, and timely course correction, supported by targeted assurance mechanisms to address material risks to program outcomes.

Rationale:

A tolerant risk appetite is essential to deliver sustained health impact across increasingly diverse, complex, and volatile operating environments. It reflects a deliberate strategic evolution in how programs are designed, financed, and implemented:

- Differentiated implementation modalities enable tailored approaches aligned to country context, capacity, and risk profile.
- Strengthened resilience ensures continuity of essential services, particularly in high-burden countries with limited ability to pay.
- Adaptive and innovative delivery models support flexible, context-responsive solutions that accelerate impact.
- A focus on long-term outcomes prioritizes sustainability, system level gains, accepting measured variability in performance where necessary.
- Strategic risk management enables informed risk decisions and tradeoffs while maintaining accountability and appropriate oversight.

Together, these shifts support the Global Fund's focus on maximizing health impact while upholding strong performance and accountability standards.

Annex 1.2: Health Product Access Risk Appetite Statement

Definition & Risk Appetite Statements

Definition:

The risk that the Global Fund's objective of providing timely and equitable access to affordable, quality-assured health products in appropriate quantities may not be met, and that innovations in health products to defeat the three diseases may not be introduced successfully to maintain appropriate balance in the health product mix and at scale within countries.

The key organizational components of the Health Product Access risk are market shaping interventions, sourcing, Pooled Procurement Mechanism, quality assurance, in-country health product procurement and in-country supply chain.

If these risks are not properly addressed, their impact could significantly impair (a) health outcomes due to treatment interruptions, product shortages, procurement of substandard Health Products, reduced Health Products efficacy or wastage, and increased antimicrobial or insecticide resistance; (b) unfavorable pricing, weak contracting arrangements, poor service levels, financial losses and poor value for money; and (c) the reputation of the Global Fund, along with other stakeholders and donor confidence.

Risk Appetite Statement:

The Global Fund maintains a **tolerant risk appetite for Health Product Access Risk**, recognizing that achieving sustained access to safe and affordable health products requires operating in dynamic and sometimes fragile health product markets and national delivery systems.

The Global Fund operationalizes a pooled procurement mechanism and market shaping interventions, while relying on national procurement systems, and national supply chain models to strengthen product access and program delivery recognizing that these approaches involve varying levels of complexity and risk.

In parallel the organization maintains strong safeguards for health product quality assurance, supplier reliability, and supply continuity, supported by robust assurance and quality control mechanisms.

Overall, this approach reflects a deliberate balance between maintaining strong risk management in critical areas and allowing flexibility where calculated risks are necessary to expand access, drive innovation, and strengthen country systems.

Rationale:

- Ensuring Access to Life-Saving Products to defeat HIV, TB, and malaria - The effectiveness of Global Fund programs depends on the timely availability of essential medicines, diagnostics, and prevention commodities.
- Operating in Complex Global Health Markets - Health product markets for HIV, TB, and malaria are often characterized by limited suppliers, regulatory variability, and global supply chain constraints, requiring proactive market management and flexibility.
- Prioritizing country ownership and capacity building - By accepting operational uncertainties and risks in national procurement and supply chain systems, the organization aims to strengthen local capacity and sustainability.
- Strengthening national procurement systems - Optimize impact for investments by focusing on financial controls, careful selection of available procurement offers, robust importation processes and correct quantification & supply planning while maintaining the overall integrity and effectiveness of procurement processes.
- Protecting Product Quality and Patient Safety - While operational flexibility is necessary, the Global Fund maintains strict requirements for quality assurance and health product safety.

Annex 1.3: Financial and Fiduciary Risk Appetite Statement

Definition & Risk Appetite Statements

Definition:

Financial and Fiduciary Risk is the risk that donor resources are not safeguarded, managed, or used in line with intended purposes, resulting in financial loss, misuse, fraud, mismanagement, or non-compliance with fiduciary responsibilities. It encompasses failures in financial stewardship, internal controls, assurance mechanisms, and accountability processes across the Global Fund's operations and grant portfolio.

The key organizational components of the Financial and Fiduciary risk are asset and liability management, adequacy of corporate financial accountability and assurance, and the fiduciary performance of implementers responsible for managing grant funds.

If not adequately managed, Financial and Fiduciary risk may result in poor fund allocation decisions, misdirected or inefficiently deployed resources, inaccurate financial accountability, and fraud and misappropriated assets. These failures can erode donor confidence, trigger governance escalations, disrupt grant delivery, and ultimately reduce the Global Fund's ability to save lives and achieve impact.

Risk Appetite Statement:

The Global Fund maintains a **cautious risk appetite** for Finance & Fiduciary Risk, recognizing that achieving program impact requires operating in complex implementation environments and partnering with diverse implementers, which inevitably introduces some degree of financial and fiduciary risk.

Under this stance, the organization prioritizes strong financial governance, reliable financial reporting, and robust fiduciary oversight, while allowing operational flexibility necessary to deliver programs through national systems and implementing partners.

The Global Fund maintains strong internal controls, assurance mechanisms, and oversight processes to safeguard donor resources and detect and address misuse of funds. Where fiduciary risks materialize, the organization emphasizes rapid detection, investigation, recovery of funds, and corrective action.

Rationale:

Effective management of Finance & Fiduciary Risk is essential to protect donor resources, sustain trust in the institution, and ensure the integrity of the Global Fund's financial management framework. Key considerations include:

- Stewardship of Donor Resources - The Global Fund manages substantial financial resources provided by donors and partners. Maintaining strong fiduciary controls is essential to ensure these resources are used effectively and responsibly.
- Maintaining Donor Confidence - Reliable financial management and transparent reporting are critical to sustaining the trust of donors, partners, and stakeholders.
- Operating in High-Risk Implementation Environments - Programs are delivered using national systems and in diverse country contexts where fiduciary capacity may vary. The organization must therefore balance operational reach for impact with strong oversight mechanisms.
- Protecting Institutional Reputation - Weak financial governance or misuse of funds can undermine the Global Fund's credibility and its ability to mobilize future resources.

This stance reflects the need to balance operational flexibility required to deliver programs in complex environments with strong financial governance and fiduciary safeguards.

Annex 2 – Global Fund Risk Taxonomy (L1-L2) *

Enterprise risks (1)	**Strategic**	**Program**	**Health Product Access**	**Financial & Fiduciary**	**Secretariat Operations**	**Ethics, Legal and Governance**
Organizational risks (2)	Resource Mobilization	HIV Program	Market Shaping Interventions	Asset & Liability Management	People and Organizational Culture	Ethical Misconduct
	TBD	TB Program	Sourcing Interventions	Corporate Financial Accountability and Assurance	Digital Technology & Cybersecurity	Legal
		Malaria Program	Pooled Procurement Mechanism	Grant-related Finance & Fiduciary	Support Processes	Governance
		Resilient Systems for Health	Quality Assurance		Organizational Setup	
		Community, Rights & Gender barriers to access to HTM services	In-Country Health Product Procurement			
		Program implementation & oversight	In-Country Supply Chain			
		Co-Financing				
		Transition				

* While the risk taxonomy identifies a broad range of organizational risks, the Secretariat will apply a differentiated approach to its monitoring and oversight efforts, guided by factors such as risk prioritization, potential impact, likelihood of materialization, and mitigation capacity.

Annex 3 – Glossary of Risk Terminology

To operationalize risk appetite, several related concepts are used within the framework.

Risk	The possibility that events will occur and affect the achievement of strategy and business objectives. NOTE: "Risks" (plural) refers to one or more potential events that may affect the achievement of objectives. "Risk" (singular) refers to all potential events collectively that may affect the achievement of objectives.
Risk Profile	A composite view of the types, severity, and interdependencies of risks the entity faces, which can affect performance relative to its strategy and business objectives.
Risk Management	The culture, capabilities, and practices, integrated with strategy-setting and its performance, that organizations rely on to manage risk in creating, preserving, and realizing value.
Risk Assessment	The process of identification of risks, assessment of severity and prioritization of risks, as a basis for determining how to manage them. As well as mapping the likelihood and impact of individual risks, managers also need to consider how individual risks interrelate.
Inherent Risk	Inherent Risk refers to the level of risk that exists before any controls, mitigation measures, or management actions are applied. It reflects the intrinsic risk profile associated with an activity, program, or operating environment.
Residual Risk	Residual Risk is the level of risk remaining after controls and mitigation measures have been implemented. It represents the organization's actual risk profile following risk management actions.
Risk Appetite Stance	The specific position an organization adopts on the Risk Appetite Scale for a particular risk. It represents the Board's articulated "attitude" toward a risk, balancing the pursuit of strategic objectives against the need for safeguards. Each stance provides a governance reference point that guides management's approach to decision-making, resource allocation, and mitigation.
Risk Appetite Scale	The structured, four-level grading system used by the Global Fund to categorize and communicate varying degrees of willingness to accept risk. This scale—ranging from Averse to Aggressive—provides a standardized vocabulary to ensure

	consistent interpretation and application across all enterprise risks.
Risk Position	The Risk Position applies to organizational risks and reflects the level of risk that management considers appropriate to maintain through controls, mitigation measures, and operational decisions while operating within the Board-approved appetite. It translates the Board’s qualitative stance into operational guidance for managing underlying risks.
Risk Indicators	Risk indicators provide objective measures used to monitor changes in the risk profile over time.
Risk Thresholds	A Risk Threshold is a specific limit associated with a risk indicator that signals when the risk profile is approaching or exceeding acceptable levels and may require management attention.
Organizational Risk Register	An Organizational Risk Register is a structured record of identified risks, their causes, potential impacts, controls, mitigation actions, and assigned ownership, used to support monitoring and management of risks across the organization.
Business Owner	Business functions responsible for managing a specific risk, including implementing mitigation measures, monitoring risk indicators, and reporting on the status of the risk.
Risk Aggregation	The process of considering the severity and likelihood of individual risks at a lower level of the entity and combining them to allow for a more comprehensive understanding of the entity's total risk.
Risk Escalation	The process through which elevated or emerging risks are brought to higher levels of management or governance for attention, decision, or corrective action.