

Annual Financial Report 2024



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Management Report



The Global Health Campus in Geneva, Switzerland, where the Global Fund and other global health organizations are hosted.

The Global Fund/Vincent Becker

Letter from the Chief Financial Officer and the Executive Director

As we reflect on 2024, we acknowledge a year marked by both major challenges and remarkable resilience. The Global Fund remains steadfast in its mission to fight HIV, tuberculosis (TB), and malaria, while navigating an increasingly complex funding environment. Our collective efforts have ensured that lifesaving programs continue uninterrupted, driving great impact in the communities we serve.

Operational and Financial Highlights

In 2024, the Global Fund committed a total of USD 6.1 billion in grants, reflecting a 38% increase compared to the previous year, coinciding with the first year of implementing the 2023-2025 grant cycle. Grant disbursements amounted to USD 4.8 billion, with USD 4 billion directed toward HIV, TB, and malaria programs, and USD 780 million allocated to COVID-19 Response Mechanism (C19RM) activities. Strong grant allocation utilization rates underscore the efficiency of our funding model, ensuring maximum impact across implementing countries.

Despite global fiscal constraints, we secured additional donor pledges, bringing total announced commitments for the 2023-2025 cycle to USD 15.78 billion. By the end 2024, 59% of these pledges had been received in cash, reflecting continued donor confidence. We are also actively engaged in the Eighth Replenishment as we strive to secure sustainable funding for the next cycle. Additionally, we are taking a comprehensive approach to sustainability, supporting the scale-up of new technologies and service delivery, catalyzing better and more efficient use of domestic financing, and supporting strong national sustainability and transition planning to gradually support countries to assume full leadership of the national responses.

Independent Assurance and External Audit Outcome

We are pleased to report that the Global Fund has received an unqualified audit opinion from our statutory external auditors, KPMG SA, affirming that our financial statements present a true and fair view of our financial position in accordance with IFRS Accounting Standards and Swiss law. This clean audit underscores our commitment to transparency, sound financial stewardship, and robust internal controls. Our prudent financial management ensures that donor contributions are utilized efficiently to deliver maximum impact in the fight against the three diseases.

Looking Ahead

The year 2025 presents new opportunities and challenges. Our strategic priorities include advancing grant implementation for maximum impact, investing in our people and culture, and successfully delivering the Eighth Replenishment. Additionally, we continue to enhance financial resilience through proactive risk management, rigorous financial oversight, innovative resource mobilization strategies and agility to adapt the operating model in line with the evolving landscape.

As we embark on the next phase of our journey, we express deep gratitude for the unwavering support of our donors, partners, and implementing communities. Together, we will continue to drive progress toward a world free of the burden of HIV, TB, and malaria.

Sincerely,



Adda Faye
Chief Financial Officer



Peter Sands
Executive Director

Letter from the Chair and Vice-Chair of the Board

A Strong Foundation as We Prepare for the Eighth Replenishment

As the Global Fund publishes its 2024 audited financial statements, we, on behalf of the Board, want to emphasize that this milestone represents more than just a financial reporting obligation. It reaffirms the Global Fund model: effective, accountable, and focused on impact. The unqualified opinion from the independent statutory auditors confirms that the organization's financial management is sound, and its internal controls are robust.

This positive assurance should give confidence to donors, partners, implementers, and most importantly, to the millions of people whose lives depend on our shared mission: to end HIV, tuberculosis, and malaria as public health threats.

We commend the Secretariat for its strong leadership and commitment to excellence in financial stewardship and operational delivery. In a world where global health financing is facing challenges, rigorous oversight, strategic discipline, and transparency are vital. The Secretariat's performance in 2024—managing grant commitment of over USD 6 billion, driving high in-country absorption and simultaneously mobilizing significant donor contributions, demonstrates its continued capacity to deliver results at scale.

These results matter. They translate into more people receiving lifesaving treatment, strengthen health and community systems, and advance our global health goals. Additionally, they build the trust we need as we approach the Eighth Replenishment.

The Replenishment is not just a financial moment. It is a time for the world to stand together and affirm that the fight against HIV, TB, and malaria remains critical for the world. That this is a time to double down on this fight. A time to match our ambitions with meaningful action.

The Global Fund was built as a partnership—one rooted in mutual accountability, shared purpose, and country leadership. Our investments save lives and strengthen global health security, making the world safer for everyone. These investments also boost productivity and create economic opportunities. These values remain our compass. As stewards of this partnership, we remain committed and focused on the Global Fund's vision of creating a healthier and more equitable world for all.

We thank all those who make this possible — donors, implementers, civil society, communities, technical partners, and the Secretariat. As we look to the future, we do so with clarity, kindness, purpose, and unity. Together, we are committed to what matters most: saving lives, improving livelihoods and creating a world where everyone can thrive.

With appreciation and resolve,



Lady Roslyn Morauta
Chair of the Board



Dr. Bience Gawanas
Vice-Chair of the Board

Overview Financial Results

(in millions of USD including C19 related activities)

Statement of activity	2024	2023	2022	Total
Contributions (without discounting)	3,298	6,346	6,970	16,614
Grant expenditure (without discounting)	(6,155)	(4,460)	(4,576)	(15,191)
Strategic Initiatives	(67)	(162)	(106)	(335)
Operating expenses	(410)	(400)	(374)	(1,184)
Provident Fund valuation as per note 6.1	13	10	(25)	(2)
Foreign exchange result, net	2	10	(298)	(286)
Financial income, net	250	280	(74)	456
Discounting of long-term positions	95	70	(126)	39
Loss on actuarial valuation of defined benefit obligation towards employee benefits	(20)	(36)	29	(27)
Total comprehensive income for the year	(2,995)	1,601	1,420	26

Statement of financial position

Cash and cash equivalent, including Trust Fund assets	4,797	5,060	5,878	N/A
Contributions receivable	2,255	3,803	2,004	N/A
Other assets	455	401	386	N/A
Grants payable	3,810	2,521	3,043	N/A
Other liabilities	484	534	617	N/A
Funds	3,213	6,209	4,608	N/A

Statement of cash flows

Cash receipts from donors	4,860	4,613	7,142	16,615
Grants disbursed	(4,931)	(5,121)	(5,279)	(15,331)
<i>Grants disbursed to Principal Recipients and third parties (incl. in line above)</i>	<i>(4,827)</i>	<i>(5,006)</i>	<i>(5,177)</i>	<i>(15,010)</i>
Cash paid for other operating activities	(366)	(371)	(350)	(1,087)
Cash paid for settlement of derivative financial instruments	(171)	(194)	71	(294)
Cash from/ (used in) investing activities	476	982	(1,663)	(205)
Cash paid for lease liability	(8)	(8)	(7)	(23)

Increase/ (decrease) in operational cash position including cash at commercial banks and Trust Fund

	1	(98)	(86)	(183)
FX (loss)/ gain on cash	(3)	6	3	6

Other key information

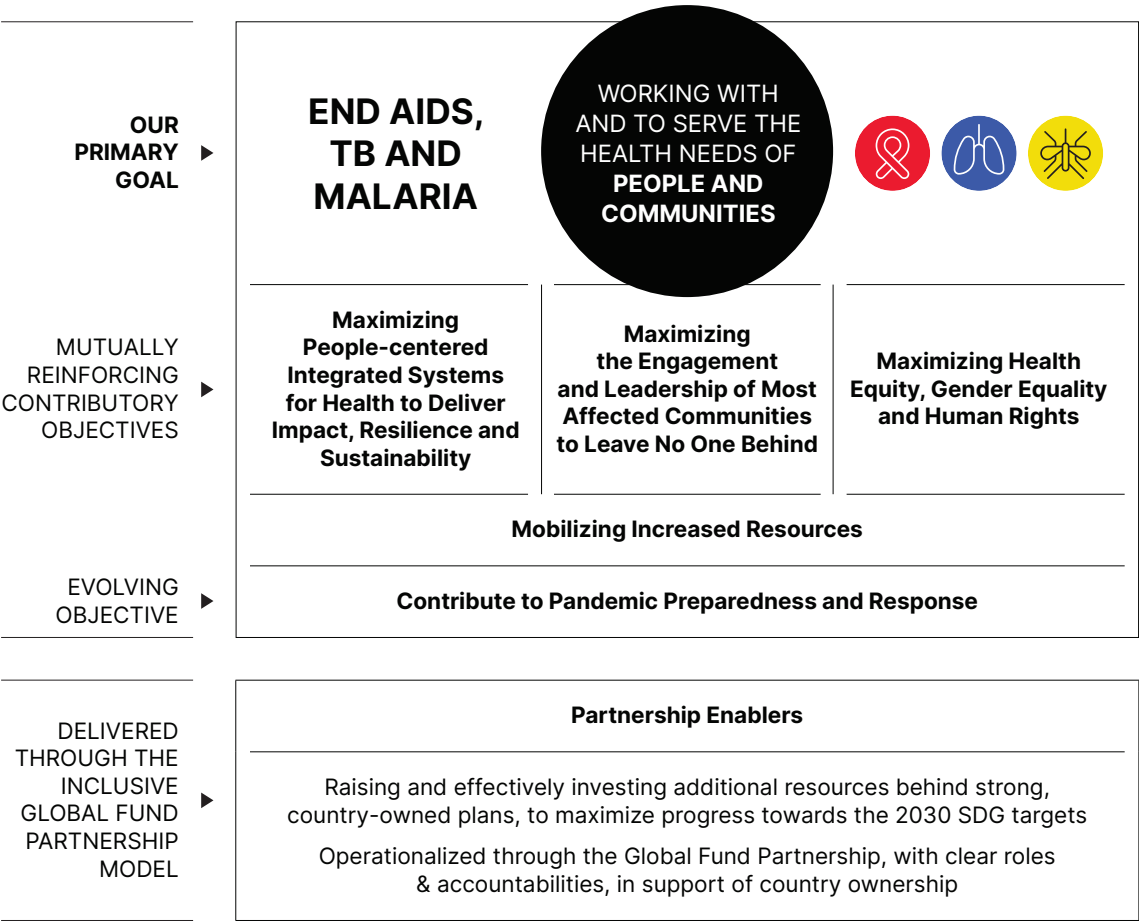
Grant contingent liability (in millions of USD)	8,021	11,103	5,093	N/A
Net ALM FX results (in millions of USD)	10	(17)	(19)	(26)
Number of active grants	294	281	306	N/A
Number of employees	1,182	1,140	1,075	N/A

Organizational Background

(a) Vision, Mission and Strategy

The Global Fund is a partnership organization designed to accelerate the end of AIDS, tuberculosis (TB) and malaria as epidemics. As a partnership between governments, civil society, the private sector and people affected by the diseases, the Global Fund mobilizes and invests more than USD 5 billion a year to support programs run by local experts in more than 100 countries to defeat the three diseases and ensure a healthier, safer, more equitable future for all. By challenging barriers and embracing innovative approaches, we are working together to better serve people affected by the diseases.

**Global Fund Strategy (2023-2028):
Fighting Pandemics and Building a Healthier and More Equitable World**



Global Fund Strategy Framework Overview

The Strategy has four mutually reinforcing contributory objectives that leverage the core strengths and comparative advantages of the unique partnership:

1. Build the resilience and sustainability of systems for health through investments that drive impact against HIV, TB and malaria and related conditions, including coinfections and comorbidities.
2. Maximize the engagement and leadership of affected communities, to ensure that no one is left behind, and that services are designed to respond to the needs of those most at risk.
3. Maximize health equity, gender equality and human rights by deepening the integration of these dimensions into our HIV, TB and malaria interventions.
4. Mobilize increased resources particularly in light of the reverses resulting from COVID-19 while simultaneously driving relentlessly for greater value for money.

(b) Legal Status

The Global Fund is an international financing institution recognized as an international organization, initially formed as a Swiss foundation in 2002. Its status has been elaborated through an ongoing process of legal recognition by various national governments and international organizations:

- The Swiss Federal Council accorded the Global Fund international organization status, which is comparable to that of UN organizations, through the 2004 Headquarters Agreement.
- Effective November 2002, the Global Fund was recognized as a tax-exempt organization in the United States of America, under Section n (c) (3) of the Internal Revenue Code.
- The United States of America, through an executive order in 2006, designated the Global Fund as a public international organization in accordance with the United States International Organizations Immunities Act.
- The European Commission, through a 2014 Commission Decision, assimilated the Global Fund to the status of an international organization for the purposes of managing European Union funds.

- The Agreement on Privileges and Immunities of the Global Fund to Fight AIDS, Tuberculosis and Malaria became effective on 17 August 2019.

(c) Core Structures

The Global Fund operates within the following core structures:

- i. **The Board and its standing committees** – The Board is responsible for strategy, institutional governance and approving program funding decisions. It is also responsible for assessing organizational performance, overall risk management, partner engagement, resource mobilization and advocacy. It is composed of representatives from donor and implementer governments, civil society, the private sector, private foundations, communities living and affected by the three diseases, as well as international organizations which are Global Fund partners.

The Board's three standing committees are:

- the Audit and Finance Committee (AFC)
- the Ethics and Governance Committee (EGC)
- the Strategy Committee (SC)

These committees have Board-delegated decision-making, advisory and oversight responsibilities, outlined in their respective charters, to facilitate and oversee the Secretariat's implementation of the Board's strategy and policies. A Coordinating Group, comprised of the Chairs and Vice-Chairs of the Board and its three standing committees, serves as a collaborative body to coordinate important business of the Board.

- ii. **The Secretariat** – The Global Fund Secretariat is responsible for the day-to-day operations of the Global Fund as stated in the bylaws (approved by the Board pursuant to GF/B34/EDP07 on 28 January 2016 and last amended pursuant to GF/B47/DP07 on 12 May 2022). Under the leadership of the Executive Director, who is appointed by and reports to the Global Fund Board, the Secretariat manages the grant portfolio; executes Board policies; mobilizes resources; provides strategic, policy, financial, legal and administrative support; and oversees monitoring and evaluation of results. The Secretariat is based in Geneva, Switzerland, and has no office or employees located outside its headquarters.

iii. **The Office of the Inspector General –**

The Global Fund has an Office of the Inspector General (the OIG) that provides independent and objective assurance over the design and effectiveness of controls or processes in place to manage the key risks impacting the Global Fund's programs and operations, including the quality of such controls and processes. Under the leadership of the Inspector General, the OIG operates as an independent unit from the Secretariat, reporting to the Board through the AFC.

(d) Program Structure

Programs funded by the Global Fund are implemented by Principal Recipients, in collaboration with in-country partners. The Global Fund does not have field offices in implementing countries. The key in-country structures involved in programs funded by the Global Fund are:

- i. The **Country Coordinating Mechanism (CCM)**, a partnership composed of key stakeholders in a country's response to the three diseases. The CCM is responsible for submitting funding requests to the Global Fund, nominating the entities accountable for administering the funding, and overseeing grant implementation. CCMs are national committees that are convened independently and are not part of the Global Fund's organizational structure.
- ii. The **Principal Recipient (PR)**. The PR is designated by the CCM and is the recipient of Global Fund financing and utilizes it to implement programs, either directly or through other organizations (sub-recipients). PRs are independent legal entities and are not part of the Global Fund's organizational structure.
- iii. The **Local Fund Agent (LFA)**. The LFA is a key external service provider responsible for monitoring and verifying in-country grant implementation and providing recommendations to the Secretariat on key decisions relating to grants.

1. 2024 Operational Review



The Global Fund and the Kingdom of Lesotho celebrating 20 years of partnership and 200 years of the Basotho Nation on 25 November 2024.

Photo courtesy of the Ministry of Finance and Development Planning of Lesotho

1.1 The Replenishment Mechanism

Under its Replenishment mechanism, the Global Fund convenes donors, implementers and other key partners for a Replenishment Conference once every three years to mobilize resources for the following three-year Replenishment period. This mechanism allows for predictability and enables both the Global Fund and implementing countries to establish long-term plans for fighting the three diseases. The Pledging Conference for the Global Fund's Eighth Replenishment period from 2026-2028 will take place in the third or fourth quarter of 2025.

Ongoing resource mobilization efforts

As of 31 December 2024, the Global Fund partnership has secured commitments from 51 public and 31 private donors for a total of USD 15.78 billion announced pledges for the 2023-2025 Replenishment period, out of the target of at least USD 18 billion set in the Seventh Replenishment Investment Case. This includes additional announced pledges of USD 114 million received since the initial allocation was approved by the Global Fund Board in November 2022.

While efforts to secure additional pledges continue, the Secretariat's primary focus is to ensure that donor commitments are formalized through the signing of contribution agreements and timely pledge conversion. Bearing in mind global fiscal constraints and other contextual factors, the Secretariat is actively following up with donors to mitigate potential funding risks.

In addition to financial contributions, private sector partners provide in-kind resources, to enhance efficiency, increase effectiveness, support cost effectiveness, create innovative solutions and leverage new technologies. Engagement with private sector partners is a vital part of increasing impact, increasing resources and developing innovative solutions to scale up the fight against AIDS, tuberculosis and malaria.

Converting Seventh Replenishment Pledges Into Contributions

Conversion of Seventh Replenishment pledges in 2024 has progressed well with 59% (USD 8 billion) of adjusted pledges received in cash, showing donor confidence (ahead when compared to the conversion rate to cash receipts at the same period of the Sixth Replenishment). Conversion of outstanding pledges remains a focus for the Seventh Replenishment cycle (2023-2025) and continues to be actively pursued (with the goal to fully convert the remaining adjusted pledges). The Global Fund has signed agreements with 87% (71 of 82) of donors as of 31 December 2024. 38 public donors out of 51 have signed agreements with multi-year payment schedules.

With 100% (USD 17.6 billion) of adjusted pledges for the Sixth Replenishment cycle (2020-2022) received in cash, it is considered closed with priority shifting to preparations for the Eighth Replenishment.

Launching the Eighth Replenishment

In the first quarter of 2025, the Global Fund convened the launch event for the Eighth Replenishment, which also marked the release of the Investment Case and kicked off the Eighth Replenishment campaign. The campaign will culminate in the Pledging Conference in the third or fourth quarter of 2025 when most donor pledges for the 2026-2028 period are expected to be announced.

In preparation for the Eighth Replenishment launch, the Secretariat continues to prioritize:

- Securing and engaging the Replenishment host/s
- Finalizing, raising awareness and amplifying the Eighth Replenishment Investment Case
- Rolling out public and private sector donor engagement and resource mobilization strategies responsive to the complex and volatile environment
- Mobilizing and expanding advocacy partners
- Rolling out a strategic overall communications campaign
- Continuing to cultivate and mobilize key partnerships and alliances across the health and development ecosystem.

1.2 The Grant Funding Cycle

The Global Fund allocates funding to countries to support HIV, TB and malaria programs and to build resilient and sustainable systems for health. These allocations are made every three years at the beginning of a new allocation period. Each allocation cycle is aligned with the respective Replenishment. Allocations to individual countries are calculated using a formula that is predominantly based on each country's disease burden and economic capacity. They are refined to account for important contextual factors through a transparent and accountable qualitative adjustment process.

The following sections provide an update on each active grant cycle at allocation rates:

Grant cycle GC5¹: 2017-2019

Based on the most recent expenditure reports until 31 December 2023, in-country expenditure for all grants of the 2017-2019 cycle of USD 11.0 billion was incurred by the Principal Recipients (PR) against a cumulative grant budget of USD 12.1 billion. This reflects an in-country absorption of 91% under the 2017-2019 allocation period. Through portfolio optimization and the COVID-19 Response Mechanism 2020 (C19RM2020) reprogramming, an acceleration in the implementation of programmatic activities has been achieved. The organizational target of 85% has been met for in-country absorption under the 2017-2019 allocation (within +/- 4%-5% margin of error). There is a total of 324 grants that have undergone a financial closure process. Out of those 324 grants, 99% of Financial Closure Reports (FCRs) are fully validated with USD 489 million in closing cash balance.

Grant cycle GC6²: 2020-2022

The Global Fund Board approved a total of USD 12.7 billion or 100% of funding for country allocations for the 2020-2022 allocation period.

Based on the most recent expenditure reports until 30 June 2024, in-country expenditure for all grants of USD 12.0 billion was incurred by the Principal Recipients against a cumulative grant budget of USD 13.5 billion³ for the 30 June 2024 period end

reporting. This reflects an in-country absorption rate of 89% under the 2020-2022 allocation period. The organizational target of 85% has been achieved for in-country absorption (within +/- 4%-5% margin of error). This absorption is comparable to the similar period for the 2017-2019 cycle (at 30 June 2021), but the increase in the absolute expenditure amount is significant (+USD 1.6 billion). The improved expenditure level can be attributed to efficiencies gained by the upfront decision of "over-allocation" of additional funds (USD 0.6 billion) and early portfolio optimization process (USD 0.250 billion), as well as better performance on Health Product Procurement.

On GC6 financial closures, out of a total of 292 GC6 grants, 189 grants were due to be closed at the end of 2024. Out of those 189 grants, 137 grants have validated the FCRs (72% compliance), that represents 72% in disbursements value and USD 235 million in closing cash balance.

Grant cycle GC7⁴: 2023-2025

By 31 December 2024, the Global Fund Board approved a total of USD 12.4 billion in funding for country allocations for the 2023-2025 allocation period, which represents 95% of the total country allocation of USD 13.1 billion for the GC7 allocation period.

Based on the most recent submitted expenditure reports at 30 June 2024, in-country expenditure of USD 0.5 billion was incurred by the Principal Recipients against a cumulative annual grant budget of USD 2.5 billion⁵ for the 31 December 2024 period. Starting from the 2023-2025 allocation cycle, grant budgets are no longer phased by quarter but only on a yearly basis. The progress over the GC7 first year's budget shows a comparable progress to that of previous allocation cycles after 6 months of implementation (comparing with GC5 and GC6). The validation of the December 2024 Progress Update Disbursement Request will provide additional insights on the progress of the implementation of GC7 grants.

1 5th Grant Cycle

2 6th Grant Cycle

3 Cumulative budget is inclusive of allocation funds, catalytic funds and other funding (Private sector, Debt2Health, portfolio optimization and other)

4 7th Grant Cycle

5 Cumulative budget is inclusive of allocation funds, catalytic funds and other funding (Private Sector, Debt2Health, portfolio optimization and other)

Pandemic preparedness and response, including impact of COVID-19 pandemic

C19RM Reinvestment

The Global Fund Board approved funds for longer-term strategic investment in health systems strengthening and pandemic preparedness, at its 48th Board meeting in November 2022, through a 2-year extension to permit implementation of COVID-19 Response Mechanism funds until 31 December 2025.

In 2023, USD 2.2 billion of re-programming for re-investment in the shift was approved by the C19RM Investment Committee and its delegated authorities, including USD 400 million of portfolio optimization. Those approved re-investments are mostly directed towards health systems strengthening in five strategic priority areas (i) surveillance systems, (ii) laboratory systems, (iii) human Resources for health (HRH) and community systems, (iv) medical oxygen & respiratory care, and (v) health product and waste Management, to respond to the change in countries' needs and shift the investment from an emergency response to a pandemic preparedness response.

In January 2025, the Board approved delegated authority to provided flexibility to the Secretariat to operationalize and approve a limited extension to the C19RM implementation period for certain programs through 31 December 2026, including through the use of Centrally Managed Limited Investments, and any Audit and Finance Committee-approved portfolio optimization awards. Only a sub-set of the 42 countries prioritized during the previous wave of C19RM portfolio optimization will be eligible for limited extensions, which will be assessed on a case-by-case basis and tailored to country contexts and programmatic needs as well as capacity to implement. For the remaining countries, including the 82 countries not prioritized for the prior wave of C19RM portfolio optimization, the 31 December 2025 deadline will be maintained in line with the established aims of the C19RM strategic shift. In addition, and subject to availability of additional funds, the Secretariat would subsequently conduct a C19RM portfolio optimization strategically focused in line with programmatic needs and capacity to rapidly implement to maximize impact and fully utilize funds, leveraging the extended implementation period. Furthermore, the Secretariat will continue implementation acceleration through the RSSH Acceleration

Initiative for enhanced monitoring and oversight to track progress, resolve bottlenecks and accelerate implementation. From a budgetary implication perspective, the Board approved an increase of 0.5% (from 4.5% to 5%) for the incremental management and operating costs directly attributable to C19RM. An incremental 0.5% additional C19RM OPEX represents USD 20 million.

Based on the most recent expenditure reports until 30 June 2024, in-country expenditure for C19RM 2021 grants of USD 2.3 billion was incurred by Principal Recipients against a cumulative grant budget of USD 3.5 billion. This reflects an in-country absorption of 67%. Ongoing efforts to support C19RM implementation acceleration and execution of funds include the Resilient and Sustainable Systems for Health (RSSH) Acceleration Implementation Initiative, technical assistance through Centrally Managed Limited Investments (CMLIs), Secretariat Monitoring & Oversight as well as quarterly reporting through C19RM Monitoring & Evaluation (M&E) Framework.

C19RM2021

Funding Approved of USD 3.9 billion

As the pandemic continued to unfold in severity and impact in 2021, the Global Fund extended the C19RM funding mechanism to establish the C19RM2021 mechanism, raising over USD 4.2 billion as incremental sources of funds to fund grants (USD 3.9 billion), management and operating costs (USD 190 million) and CMLIs (USD 98 million). At 31 December 2024, USD 3.9 billion of new awards for C19RM2021 grant funding and USD 406 million in C19RM Portfolio Optimization were approved by the C19RM Investment Committee for over 100 countries with the eligibility of C19RM investments evaluated on the basis of the following objectives:

1. Actions to reinforce the response to COVID-19.
2. COVID-19 related adaptation of programs to fight HIV, TB and malaria.
3. Strengthening health and community systems.

The three areas also incorporate cross-cutting activities that bolster community responses to COVID-19.

During the emergency response phase, C19RM was the primary channel for providing grant support to low- and middle-income countries for COVID-19 tests, treatments (including medical oxygen), personal protective equipment (PPE) and critical elements of health systems strengthening – everything except vaccines. Implementation partners leveraged the Global Fund's extensive health and community networks and well-established health procurement and distribution systems to distribute new COVID-19 tools, medical supplies, and training at scale in more than 100 countries.

From the beginning of the pandemic response, C19RM faced implementation challenges: disruptions to supply chains during the pandemic, the introduction of new tools and health products in a restrictive market setting, challenges in activities execution due to COVID-19 restrictions, and availabilities of health products and human resources. Over the pandemic transition period (April 2022–April 2023), countries' needs evolved, with the shift from an emergency response to the pandemic to a demand for longer-term investments in strengthening health systems and pandemic preparedness. In response to this evolution in the pandemic, the Board at its 48th Board meeting in November 2022 approved a 2-year extension to permit implementation of C19RM funds until 31 December 2025, with the intent to shift the C19RM investment to a more longer-term strategic investment in health systems strengthening and pandemic preparedness. The 2-year extension aimed to provide opportunities to address past implementation challenges and execute the re-investment shift for the countries.

C19RM2020

Funding Approved of USD 991 million

(including grant flexibilities of USD 232 million)

In 2020, the Global Fund established C19RM (C19RM2020), to combat the devastating impact of the pandemic on Global Fund programs to fight HIV, TB and malaria around the world. The approved funding under the C19RM2020 mechanism as of 31 December 2022 was USD 991 million, including USD 232 million of approved grant flexibilities.

All C19RM2020 approved funding was integrated into the existing grants to leverage implementation, assurance and reporting mechanisms of these grants. Once approved, the funds are fungible and as such cannot be differentiated into the underlying source of funding i.e., regular grants, grant flexibilities or C19RM. A separate cost module was created in the grant expenditure reports that are submitted by the Principal Recipients. Accordingly, it is not possible for the Secretariat to differentiate grant commitments and disbursements made for COVID-19 activities under the C19RM2020 funding from the regular grant funding.

2. Statement of Internal Control



Panel discussion on Public Financial Management during the 52nd Global Fund Board Meeting in Malawi.

The Global Fund/Lameck Luluh Luhanga

Scope of responsibility

The Board is the supreme governing body of the Global Fund. The Board shall exercise all powers required to carry out the purpose of the Global Fund, including commitment of financial resources under Article 7.4 of the Global Fund bylaws that cover:

- Review and approve funding proposals.
- Approve work plans and budgets for the governing, advisory and administrative bodies of the Global Fund.
- Approve the annual report and financial statements of the Global Fund.

Delegation of authority: Audit and Finance Committee

Under the delegated authority of the Board, the Audit and Finance Committee reviews and provides periodic oversight on the following key areas directly impacting the statutory audit of the Global Fund's annual financial statements:

- i. Financial accounting and reporting policies applicable to the preparation and presentation of the annual financial statements of the Global Fund.
- ii. The corporate management and operations of the Secretariat, including annual review of:
 - a. The Secretariat's risk assessment and management processes in line with the risk management policy approved by the Board; and
 - b. The Secretariat's response to recommendations and findings by the external auditor and the OIG.
- iii. The annual expenditures of the Global Fund against budgets approved by the Board, as well as performance against approved work plans.

- iv. The financial management of Global Fund resources, including annual review of:
 - a. Financial forecasts.
 - b. Status of donor pledges and contributions.
 - c. The activities of, and relationship with, the World Bank in its capacity as Trustee for the Global Fund; and
 - d. Financial management performance against key performance indicators adopted by the Board.
- v. The adequacy and effectiveness of fiscal management policies and processes including investment and foreign exchange hedging strategies, and policies governing the commitment of Global Fund assets.
- vi. The Secretariat's implementation of sourcing and procurement initiatives, and their financial or operational implications.
- vii. The adequacy, efficiency and effectiveness of internal controls.
- viii. The corporate administrative policies and activities of the Secretariat, including human resources and insurance policies, involving consultation as appropriate with the Global Fund Ombudsperson, representatives of staff and the Global Fund Legal Counsel.

Besides the key oversight activities, the Audit and Finance Committee approves the Global Fund's:

- i. Annual external audit plan.
- ii. Interim financial statements.
- iii. Asset-liability mechanisms including investment and financial management strategies or policies to minimize losses and preserve the capital value of the Trust Fund of the Global Fund, as well as any other accounts utilized by the Global Fund for the deposit or management of its resources.
- iv. Approval of modifications to Board-approved human resources policies or frameworks, including matters related to the Global Fund Provident Fund.

Delegation of authority: Secretariat

The Board has delegated its general authority to execute any legally binding documents on behalf of the Global Fund to the Chair and Vice Chair of the Board and the Executive Director. Such signature authority should be exercised in accordance with the Board's allocation of roles and functions among the Board, Standing Committees and the Secretariat. In accordance with the bylaws of the Global Fund, the Board has allocated day-to-day operational responsibilities to the Secretariat under the leadership of the Executive Director.

The Board Decision Point GF/B39/EDP12, sets out the terms and conditions according to which the authority to sign legally binding documents on behalf of the Global Fund is delegated to certain officers of the Global Fund. Only those Global Fund staff members who have the requisite delegated authority can make legal commitments on behalf of the Global Fund. The mechanism to operationalize approval and execution of delegation of authority is under the direct oversight of the Chief Financial Officer. Any material deviation and exceptions are reported to the Executive Director, Office of the Inspector General, External Auditors and the Audit and Finance Committee.

As delegated by the Executive Director, the Chief Financial Officer is responsible for establishing regulations for financial administration through the following core financial management governing frameworks:

1. **Comprehensive Funding Policy (CFP):** Sets the key financial framework and principles for the management and apportionment of resources provided by donors; maximizes the amount, optimizes the timing and increases the certainty of resources for recipients with a sufficient degree of advance visibility and ensures responsible financial stewardship of resources provided by donors for the achievement of programmatic results in implementing countries.

The CFP is a Board-mandated policy that establishes a mechanism to operationalize Asset Liability Management, Cash Management, Liquidity Risk Management, Foreign Exchange Management and Investment Management Framework.

The CFP was last amended and restated in 2016 under Board decision point GF/B36/DP04.

2. **Accounting Regulation:** Sets out accounting principles and policies under the IFRS accounting standards for recognition, measurement and reporting of the financial impact of the core operations of the Global Fund. Through its Accounting Regulations, the Secretariat has established an internal control system to ensure completeness and accuracy of its financial positions and operations reported on the financial statements prepared under IFRS and audited under International Standards of Auditing and Swiss Law.

Accordingly, the Accounting Regulation outlines accounting policy, management judgements and estimates in recognition of revenue from donor pledges and contributions, grant operations including procurement on behalf of its Principal Recipients, operating activities including the Provident Fund, management of funds including financial risk management of cash, Trust Fund assets held at the World Bank and foreign exchange instruments and Provident Fund defined benefit obligations and investments.

The Secretariat upholds the highest standards of integrity and transparency by reporting on Related Party Disclosures with key management and governing officials and providing clear oversight on its future contingent liabilities within the scope of its audited financial statements.

The expenses incurred by the Executive Director and the Inspector General are reimbursed upon submission expense claim in line with the underlying policy in the expenses management system. Both officials report directly to the Board and accordingly Secretariat administrative processes around review and approval processes have been removed. Those expenses are included in the Secretariat Operating Expenditures in note 6.1 and a separate disclosure is provided under note 7.1 of the audited annual financial statements.

3. Operational Insights on Grants



Improved health infrastructure developed as part of the malaria and Ebola response and increased investments in medical equipment, means Burundi is better prepared to respond to new disease outbreaks.

UNDP Burundi/Fleury Kid Ineza

As part of the annual audit, the external auditor examines key controls designed and implemented at the Country Team level that support management assertions governing grant financial decision-making. The key objective of this review is to confirm the existence of the internal control system as required by Swiss law. For 2024, because of developments in the risk landscape at the country level, the Global Fund's external auditors selected two countries for enhanced review: the Republic of Burundi and the Republic of Côte d'Ivoire. The external auditor did not identify any significant deficiencies. The following is a brief overview of these two portfolios.

The Republic of Burundi

Burundi is classified as a Core country under the Global Fund framework and has been under Challenging Operating Environment (COE) and Additional Safeguard Policy status since 2016. Burundi is one of the most densely populated countries in the world (density ratio of 442 people per km²) and one of the poorest.

The health system has 18 provincial offices, 80 district hospitals, and 1,182 health centers. Access to health services is generally good, with 80% of people living within 5 kilometers of a facility. However, the share of the GDP allocated to health has declined over the years, and the health system faces a significant shortage of health workers.

The Global Fund and the Republic of Burundi have signed grants for a total amount of USD 643 million and USD 587 million have been disbursed as of December 2024 to support interventions for HIV, TB, malaria, resilient and sustainable systems for health (RSSH), and COVID-19 response efforts. During the current three-year funding cycle (2023-2025) grants amount to USD 124 million, constituting the largest allocation and USD 16 million are available as part of the COVID-19 Response Mechanism (C19RM).

HIV program

As of 2023, HIV prevalence (among people aged 15 to 49 years) was 0.9% with approximately 81,000 people living with HIV. Of these, 92% are aware of their HIV status, and 91% are receiving treatment. Burundi has achieved one of the highest treatment coverage rates in Eastern and Southern Africa, with a remarkable 98% linkage between HIV testing and treatment. However, the treatment cascade remains low for children (37-37-31) and the vertical transmission rate has risen from 7% in 2020 to 15% in 2023.

Key populations remain particularly exposed to HIV, with prevalence rates of 5.96% among men who have sex with men, 15.3% among people who inject drugs and 30.9% amongst sex workers (2021 Integrated Bio-Behavioral Surveillance).

TB program

TB is still a major public health problem and it is endemic in Burundi. The World Health Organization (WHO) estimate in 2023 was 94 cases per 100,000 people, giving an expected total of 13,000 cases. TB incidence has declined by 23% between 2015 (122/100,000) and 2023 (94/100,000). Similarly, TB mortality has declined by 21% during the same period. HIV/TB co-infection has reduced by 85% from 3,000 cases in 2010 to 440 in 2023. All HIV positive TB patients are on antiretroviral therapy during TB treatment.

Malaria program

Burundi is the 20th most affected country in Africa according to the 2024 World Malaria Report. Malaria is endemic across the country with higher transmission in the highlands. WHO estimated 5.6 million malaria cases in 2023 (like in 2010). Estimated malaria-related deaths decreased by 69%, from 5,853 in 2016 to 1,831 in 2023. The long-term effectiveness of vector control and case management strategies implemented remains fragile. Contributing factors include reduced durability of the distributed mosquito nets (estimated at 1.3 years) and the impact of climate events. The assessment of equity in access to malaria control interventions using the Malaria Matchbox Tool has enabled a better understanding of barriers. The program is adjusting current efforts to address and reduce barriers to achieve the best health outcomes in the fight against malaria and to reach all populations.

HIV successes

Burundi has made significant strides in achieving the UNAIDS 95-95-95 goal at the national level, supported by funding from the President's Emergency Plan for AIDS Relief (PEPFAR) and the Global Fund. Through strategic partnership alignment and implementation of evidence-based strategies, new HIV infections and AIDS-related deaths have decreased by 74% and by 89% between 2002 and 2023 respectively. In 2023, 85% of pregnant women in need of antiretroviral therapy (ART) for prevention of mother-to-child transmission (PMTCT) received the necessary treatment. Burundi launched pre-exposure prophylaxis (PrEP) via a pilot phase in 2021, and to date more than 230 health facilities nationwide have

allowed the number of people enrolled to increase. In 2025, Burundi will introduce opioid substitution therapy and other medically assisted treatments for harm reduction in a new dedicated center. The package of services to be offered to people who inject drugs will gradually be completed.

TB successes

The TB treatment success rate in Burundi is one of the highest in Africa, reaching 94% in 2023. Efforts are ongoing to strengthen the notification and treatment success rates for multidrug-resistant tuberculosis (MDR-TB). Access to rapid molecular tests for detecting TB and drug-resistant TB (DR-TB) has been enhanced through active health facility case finding, and the procurement and installation of additional diagnostic equipment, alongside the maintenance, extension of warranties and service contracts for all equipment, contributing to an increased demand for testing. Furthermore, the “one stop shop” strategy has improved outcomes in TB-HIV co-infection management.

Malaria successes

In 2022, significant programmatic milestones were achieved. Notably, the distribution of 6.3 million long-lasting insecticidal nets, reaching approximately 12.5 million people, including refugees and internally displaced persons affected by climate-related flooding. This was in addition to the routine distribution efforts and the pilot of continuous distribution in two districts. Furthermore, over 1 million individuals benefited from indoor residual spraying across four districts. These two interventions collectively contributed to a 50% reduction in malaria cases within one year of implementation. In 2023, DHIS2 data showed that nearly all suspected malaria cases were tested in health centers, with an impressive 95% of confirmed cases receiving treatment according to malaria care guidelines.

Challenges faced in 2024

HIV

Substantial gaps remain among pregnant women, children, and key populations (KP).

Key populations face significant stigma and discrimination and are criminalized under Burundi’s penal code, which limits service delivery and coverage. Efforts to provide prevention and care services to these populations through innovative approaches are ongoing, with support from community-based organizations.

There are concerns regarding data quality informing PMTCT. The current data reveals low ART coverage among pregnant and breastfeeding women (85%), low prophylaxis coverage among exposed children (45%), and limited involvement of men in PMTCT activities. Specifically, the low ART coverage among pregnant women does not align with the strong performance of the national cascade, which shows high coverage among women. Discussions with UNAIDS to understand the impact of this data on projected estimates of children living with HIV are on going. The relatively low ART coverage in pregnant women is a key factor driving the high estimated mother-to-child transmission rate (15%) and the subsequent number of pediatric HIV cases in 2023.

TB

TB case notification remains low at 58% in 2023 and has declined from 2017, when it stood at 61%. Contributing factors to the low TB notification rate include lack of funding and health system challenges, including low contributions from community health workers in referring TB cases to health facilities, lack of systematic testing of presumed TB cases in visited health facilities, and the limited use of GeneXpert machines as the first line TB testing method (only 29% of new and relapse cases are tested with a WHO-recommended rapid diagnostic test). In response to the highlighted challenges, the country has adopted a strategy to boost TB case notification, but the implementation of its community component has been delayed since August 2022.

Malaria

Despite plans outlined by the national strategic plan to reduce the burden of malaria, progress was hindered by several challenges: (i) continuous resource limitations, both in terms of human resources and funding, which impeded efforts to effectively address crucial issues such as optimal and timely implementation of vector control activities, optimal management of insecticide resistance with the threat of *Anopheles stephensi*, (ii) impact of climate change, (iii) widespread poverty and malnutrition in children, and (iv) limited access to high-quality healthcare. Between 2012 and 2021, malaria incidence in Burundi surged by 75%, rising from 166 to 291 cases per 1,000 people. While there is a brief decline in cases the year after the distribution of Long-Lasting Insecticidal Nets (LLINs), the numbers spike again in the following years. These trends raise important questions about the effectiveness of the national response, particularly since the country’s strategy does not

fully account for tailored malaria stratification across districts. Despite varying incidence rates, malaria interventions—aside from vector control measures like Indoor Residual Spraying and bed net distribution—are not sufficiently tailored to the unique needs of different districts. To address this issue, a comprehensive sub-national tailoring exercise is planned for 2025.

RSSH/pandemic preparedness

The RSSH and C19RM investments focus on strengthening systems for HIV, TB and malaria control including community health, laboratory, supply chain, health information systems and pandemic preparedness.

Despite ongoing efforts, data quality remains an issue in Burundi, with gaps in comprehensive improvement plans. While certain data reporting systems like DHIS2 are maintained, alignment with the national digital health strategy and a comprehensive plan for improving data quality are lacking.

Civil society and community-based organizations are engaged in the response to the three diseases and are essential given the limited access to services of certain marginalized populations. In 2024, the government started to update its community health strategy, supported by the Global Fund and other partners. A pilot of the revised strategy is due to be implemented in 2025. The country also elaborated a national community-led monitoring (CLM) strategy, with the support of partners. The Global Fund grant will cover half of the country with this new CLM.

Coordinated efforts under the leadership of the government have contributed to strengthening the country's capacity for early detection and response to outbreaks, including the establishment of a fully functional national emergency operation center, capacity building and equipment for frontline health workers and community actors.

Macroeconomic

The country has been facing several macroeconomic challenges over the past year, including double digit inflation rates, shortage of fuel, electricity cuts and lower average GDP growth than its neighbors. These challenges threaten the country's ability to sustain and increase the gains in the health sector, with a very high dependency on external funding.

Republic of Côte d'Ivoire

Total Global Fund investment in Côte d'Ivoire since the creation of the Global Fund totals USD 1.3 billion to support HIV, TB, malaria, resilient and sustainable systems for health and COVID-19 response interventions. In the current three-year cycle (2021-2023), the Global Fund has allocated approximately USD 236.6 million (including USD 48.8 million for C19RM).



HIV program

Côte d'Ivoire is one of the countries most affected by HIV and AIDS in the West and Central Africa region, with an estimated prevalence rate of 1.8% among 15-49 year-olds, 2.6% among women and 1.1% men. With the collaborative effort in Côte d'Ivoire under the government's leadership and other technical and financial partners, the country is well poised to meet global targets by 2030. Against an overall objective of 95%, 82% of people living with HIV, 73% people living HIV receiving ARVs and 64% are immunosuppressed. Also, new infections have declined 78% since 2002, and deaths have declined by 85% since 2002.

In 2023, the Global Fund contributed to supporting HIV treatment and care services nationally with the purchase of approximately 40% of the total needs for health commodities (ART, HIV tests, reagents for viral load testing and medicines for opportunistic infections). Important contributions were also made towards strengthening the availability of data essential to understanding progress attained in the HIV response as well as monitoring and evaluation tools. The Global Fund also invested in a national program to train health professionals and law enforcement officials to reduce stigma and discrimination associated with HIV. In addition, safe spaces such as drop-in centers, providing HIV prevention, and medical-legal services, were financed through civil society grants to address the counseling, testing and care linkage needs of key and vulnerable populations. A community-led monitoring system is in place enabling community-based organizations to monitor availability of services, health commodities and discriminatory practices and through advocacy, relay information to authorities for corrective measures. All activities are conducted under the leadership of the Ministry of Health, based on the HIV National Strategic Plan. Approximately 95% of all activities are implemented through the Ministry of Health or national nongovernmental organizations.



TB program

TB remains a major public health problem in Côte d'Ivoire. The estimated TB incidence rate is at 123 per 100,000, with 21,000 cases of TB recorded every year.

The disease kills more than 1600 people in the country every year. In 2023, the Global Fund supported maintaining near 100% coverage of TB/HIV testing and treatment as well as successfully treating 84% of drug-sensitive TB cases. There was also a 40% increase of the proportion of TB patients diagnosed using a molecular test (to 63%, from 23% in 2021), with 35% of all newly identified TB cases being referred by community actors. The Global Fund also enabled support to providing TB services in all 34 detention centers throughout the country.



Malaria program

Côte d'Ivoire is among the top ten countries with the highest malaria burden globally. Malaria is endemic across the country. The country's entire population (an estimated 30,241,345 people) are at risk, with higher risks faced by children under the age of 5 and pregnant women. As per the WHO 2022 World Malaria Report, there were approximately 8.3 million malaria cases in Côte d'Ivoire and 1,555 deaths in 2021.

There has been a significant increase in resistance of vectors to commonly used insecticides. In a trend similar to other countries in West, Central and Eastern Africa, case incidence increased between 2015 and 2021, and deaths only declined by 40% against a global target of 75%.

The Global Fund has contributed significantly to supporting the country in ramping up the fight against the disease. The support has included procurement of mosquito nets, the purchase of rapid diagnostic tests and artemisinin-based combination therapies (ACTs) at health facilities level as well as malaria preventive treatment for pregnant women. Additionally, to ensure access to malaria services to populations living more than 5 kilometers from a health facility, approximately 8,500 community health workers were trained and equipped to provide integrated community case management to children under the age of 5, covering diagnostic, treatment and referral services for malaria and other childhood illnesses. The National Malaria Control Program was also financed to strengthen its coordination functions and to enable it to conduct monitoring and evaluation activities through surveys, evaluations and assessments.

Health Systems Strengthening and Pandemic Response

In 2023, funds approved through the C19RM funding mechanism for the COVID-19 response were reviewed to ensure their pertinence to broader health systems strengthening and preparation for future pandemics. Consequently, a number of activities continued as planned, including: i) preparatory work to install 11 pressure swing adsorption (PSA) oxygen-generating plants to provide medical-grade oxygen to regional hospitals and the surrounding catchment areas; ii) field epidemiology training for the public health workforce at various levels; iii) destruction of biomedical waste; iv) installation of molecular diagnostic equipment; and v) strengthening disease surveillance systems. Other funding was redirected to strengthen the supply chain and laboratory systems.

4. 2024 Financial Performance



Children play in Musanze district, Rwanda.

The Global Fund/Brian Otieno

The Secretariat dynamically manages its financial position under its Asset Liability Management (ALM) framework to ensure timely decision making. The overall financial position of the Global Fund ALM constitutes the following core components:

1. Uses of Funds

- 1.1 Grant Liabilities
- 1.2 Strategic Initiatives (SI)
- 1.3 Operating Costs of the Global Fund

2. Sources of Funds

- 2.1 Donor Pledges and Contribution Agreements
- 2.2 Treasury Management

Besides the Global Fund ALM, this section also provides an overview on the Global Fund Provident Fund.

4.1 Uses of Funds

(a) Grant Liabilities

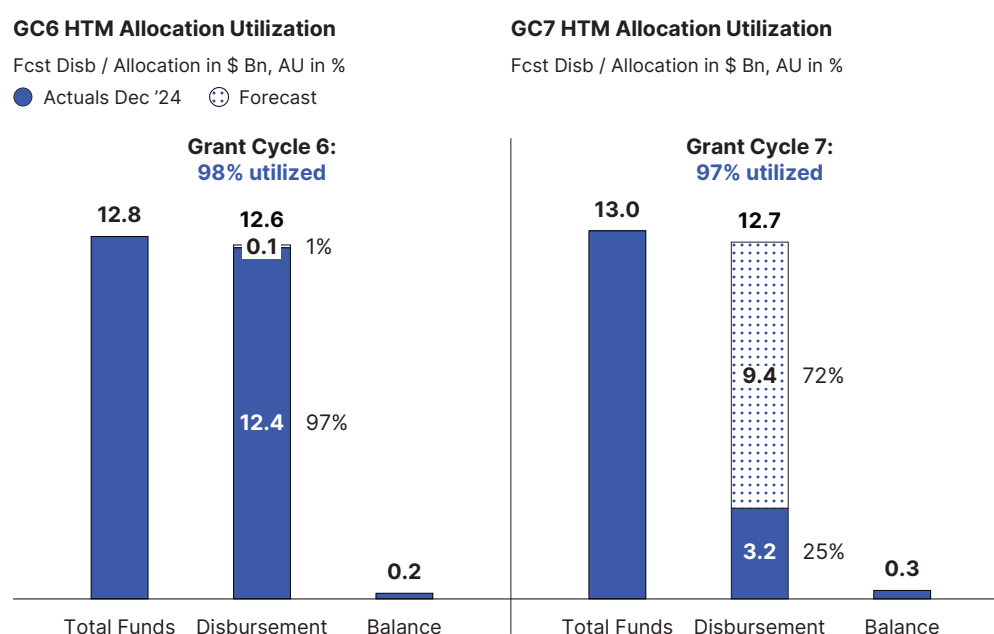
Key financial highlights for grant activities during 2024 are outlined below:

- Grant expenditure: When measured at the respective allocation rates, 2024 grant expenditure, including C19RM, of USD 6,105 million is 38% higher than the grant expenditure made during 2023 (USD 4,438 million). This is reflective of the first year of implementation of the 2023-2025 grant cycle, representing a total amount of USD 4,542 million.
- Grant disbursements: When measured at the respective allocation rates, grant disbursements during 2024 amounted to USD 4,796 million, of which USD 4,016 million was towards HIV, TB, Malaria and USD 780 million was towards C19RM.

The following chart provides the status of uses of funds as of 31 December 2024. Amounts in million of USD, unless otherwise stipulated:

Fig. 1:

Uses of funds as of 31 December 2024



Strong Allocation Utilization (AU) for both GC 6 and forecasted for GC7:

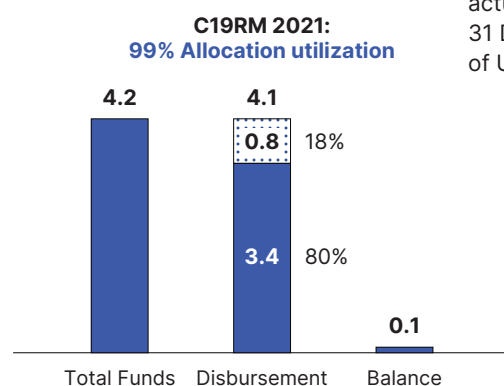
- GC6 indicates a strong AU of 98% as of 31 December 2024, with USD 12.4 billion already disbursed after 4 years of implementation (12% higher when compared to similar period in GC5). A further USD 135 million is forecasted to be disbursed for GC6 grants for the coming year.
- GC7 indicates a strong AU of 97% as of 31 December 2024, with USD 3.2 billion already disbursed after the first year of implementation (9% lower when compared to similar period in GC6, mainly due to phasing of programmatic activities between year 1 and year 2).

Fig. 2:

C19RM 2021 Allocation Utilization

Fcst Disb / Allocation in \$ Bn, AU in %

● Actuals Dec '24 🗓 Forecast



C19RM 2021 Allocation Utilization of 99% including actual disbursements of USD 3.4 billion as of 31 December 2024 and forecasted disbursement of USD 763 million until 31 December 2025.

(b) Strategic Initiatives (SI)

GC6 – 2020-2022 allocation period

The total envelope available for the 2020-2022 SI cycle had been reduced reflecting the GAC's decision on 16 September 2022 to reallocate USD 2 million from TERC⁶ SI to the Emergency Fund. Therefore, the total available envelope for the SI cycle 2020-2022 amounts to USD 321 million (excluding the Emergency Fund which is integrated with the underlying grants) with USD 320 million or 99% of the envelope approved by the GAC.

The cumulative actual fund utilization for SI⁷ at 31 December 2024 for the 2020-2022 allocation period reached USD 296 million at fixed rate of which USD 18 million was expensed in 2024. No further expense is forecasted for 2025, with the cycle's utilization at 92%. This leaves unutilized funds of USD 25 million, which was mainly driven by delays encountered in the first year of implementation, when countries and Country Teams appropriately prioritized C19RM, with implications for SI scale-up and implementation.

GC7 – 2023-2025 allocation period

The total envelope approved by the Board for the 2023-2025 SI cycle was set at USD 118 million (excluding the Emergency Fund), with the GAC approving the same value, though with USD 10 million set aside as a contingency for the Next Generation Health Introduction revolving fund. Further private sector funding obtained throughout 2023-2024 of USD 23 million was approved by the GAC, increasing the envelope and GAC approved value to USD 141 million.

The cumulative actual fund utilization for SI⁸ at 31 December 2024 for the 2023-2025 allocation period reached USD 18 million at fixed rate with the same amount expensed in 2024. A total forecast of USD 117 million is projected to be utilized until the end of the SI cycle, bringing the forecasted utilisation to 83%. This leaves unutilized funds of USD 24 million (including the aforementioned Next Generation Health Introduction revolving fund).

Fig. 3:
Strategic Initiatives Utilization GC6

Board Envelope vs. Utilization Forecast

Amounts in millions of USD at allocation rate

● Actuals Dec '24 ⌚ Forecast

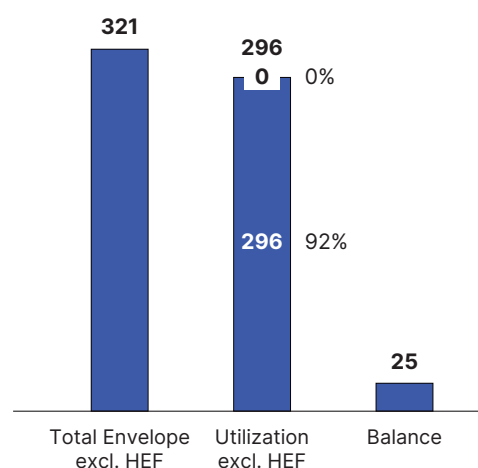
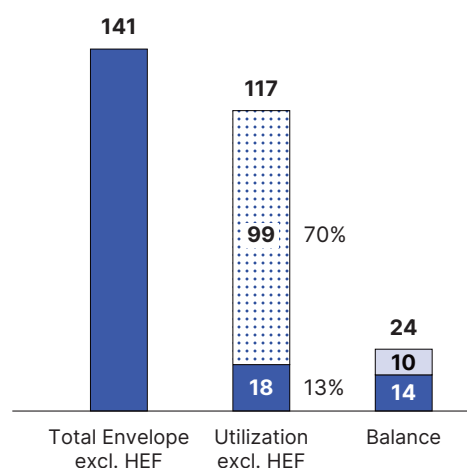


Fig. 4:
Strategic Initiatives Utilization GC7

Board Envelope vs. Utilization Forecast

Amounts in millions of USD at allocation rate

● Actuals Dec '24 ● Revolving Facility Reserve Fund
⌚ Forecast



6 The Technical Evaluation Reference Group

7 Strategic Initiatives of the 2020-2022 cycle excluding, the Emergency Fund, private sector SI and CMLI

8 Strategic Initiatives of the 2023-2025 cycle excluding the Emergency Fund

(c) Operating Costs of the Global Fund

The Global Fund has continued to proactively monitor its operating expenses whilst enabling the implementation of its priority projects in support of its 2023-2028 Strategy.

Performance against the budget

The total operating expenditure for 2024 at spot rate amounts to USD 410 million (2023: 400 million), of which USD 362 million for regular operating expenditure (2023: USD 356 million), USD 42 million (2023: USD 40 million) is towards C19RM administration support costs and USD 6 million (2023: USD 4 million) is towards the Co-Funding Mechanism linked to earmarked private sector contributions on Grant Cycle 7.

When measured at the 2024 budget rate, this results in USD 341 million of regular operating expenses (2023: USD 337 million) thereby yielding a foreign exchange loss of USD 22 million (2023: USD 19 million), which is integrated into the ALM. The following table provides an overview of 2024 operating expenses against the approved budget:

Fig. 5:

2024 Regular operating expenses actuals at budget rate by cost nature

In USD million	FY 2024 Actuals	FY 2024 Revised Budget	Var. Actuals vs Budget	
			abs	%
LFA Fees	41.9	43.2	(1.3)	(2.9%)
CCM Funding	10.8	11.1	(0.3)	(2.5%)
Costs Secretariat and OIG	274.8	278.9	(4.1)	(1.5%)
Workforce	197.0	195.1	1.9	1.0%
Staff	188.0	189.7	(1.7)	(0.9%)
Individual / Temp Consultants	9.1	5.4	3.6	67.3%
Professional fees	36.0	39.3	(3.3)	(8.5%)
Travel	14.8	15.0	(0.2)	(1.5%)
Meetings	2.3	2.4	(0.2)	(6.6%)
Communications	1.7	2.0	(0.3)	(16.7%)
Office Infrastructure	19.8	21.1	(1.3)	(6.1%)
Board Constituency	1.2	1.4	(0.2)	(14.5%)
Depreciation	2.1	2.5	(0.5)	(18.1%)
External Co-Funding	0.0	0.0	0.0	0.0%
Opex before non-recurring costs	327.5	333.2	(5.6)	(1.7%)
Total Non-recurring costs	13.1	9.1	4.0	44.2%
Total operating costs	340.6	342.2	(1.6)	(0.5%)

In 2024, the Secretariat's effort was focused on maintaining budget discipline to remain within the approved budget of USD 342.2 million while delivering on key priorities. When measured at budget rate, the 2024 operating expenditure is USD 340.6 million, USD 1.6 million below the approved budget and representing 99.5% of budget utilization which illustrates an optimal utilization of operating expenditure.

Total recurrent cost savings were realized in cost categories such as professional fees, office infrastructure and lower-than-expected external assurance costs. This has allowed to fund higher workforce costs mainly due to increased assurance costs and non-recurring costs. The following table summarizes the key variances noted in the table above:

Amount in USD millions at Budget Rate	Items Impacted	Comments
1.9	Recurring Workforce	Overspend mainly due to an increase in employer contribution to health and life & death insurance premium
(7.6)	Recurring non-workforce	Lower expenses versus budget on assurance mechanisms (LFA/CCM USD -1.5M) combined with savings in other cost categories (mainly in professional fees and travel)
4.0	Non-Recurring Costs	Mainly driven by unbudgeted HR provisions that relate to the voluntary early separation (VES) and early retirement (ER) scheme towards the Secretariat's ongoing effort to increase flexibility in management of Secretariat resources.

Operating costs, at spot rate, as a percentage of total expenditure decreased to 6% in 2024 (2023: 8%) driven by a 35% increase in grant expenditure compared to 2023.

During 2024, the Global Fund incurred USD 41.5 million of C19RM management and operating costs at spot rate. When measured at the 2024 budget rate, it resulted in USD 39.2 million of C19RM operating expenses thereby yielding a foreign exchange loss of USD 2.3 million, which is integrated into the ALM. As of 31 December 2024, the cumulative C19RM Management and Operating Costs since 2021 inception to date totalled USD 140 million (at budget rate).

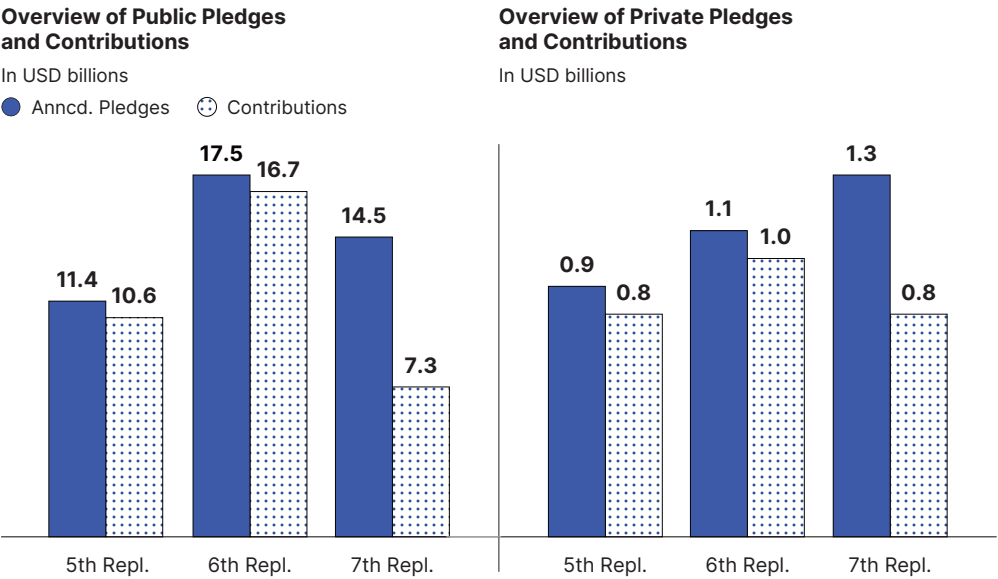
4.2 Sources of Funds

(a) Donor Pledges and Contribution Agreements

Financial contributions from public and private donors to the Global Fund are critical to ending AIDS, tuberculosis and malaria as epidemics and to strengthening systems for health. More than 80 countries and more that 40 private or non-governmental organizations have made or pledged contributions to the Global Fund since inception to accelerate the fight against the three diseases. A majority of the Global Fund’s financial support comes from public resources.

The following figure provides an overview of pledges and contributions across the three most recent Replenishment periods (*Amounts in USD billions at the allocation rate*):

Fig. 6:
Pledges and Contributions overview



Replenishment Period		2023-2025		2023-2025	
In thousands		in Donor Source Currency		in Functional Currency - USD	
Donors	Currency	Total Pledges	Total Contributions received	Total Pledges	Total Contributions received
Contributions for the 7 th replenishment					
Public donors					
Australia	AUD	266,000	160,000	177,552	106,798
Belgium	EUR	30,000	30,000	29,806	29,806
Burkina Faso	USD	1,000	-	1,000	-
Canada	CAD	1,209,600	806,400	904,644	603,096
Central African Republic	USD	1,000	-	1,000	-
China	USD	18,000	9,000	18,000	9,000
Congo (Democratic Republic)	USD	6,000	-	6,000	-
Côte d'Ivoire	USD	2,000	-	2,000	-
Cyprus	EUR	100	100	99	99
Denmark	DKK	375,000	175,000	50,098	23,379
Eswatini	USD	1,000	300	1,000	300
European Commission	EUR	715,000	588,040	710,383	584,243
France	EUR	1,596,000	850,226	1,585,693	844,735
Germany	EUR	1,200,000	830,000	1,192,250	824,640
Ghana	USD	2,000	-	2,000	-
Guinea	USD	200	-	200	-
India	USD	25,000	16,000	25,000	16,000
Indonesia	USD	10,000	3,000	10,000	3,000
Indonesia Debt2Health - Germany	EUR	75,000	12,302	74,516	12,223
Ireland	EUR	65,750	43,250	65,325	42,971
Italy	EUR	185,000	116,850	183,805	116,095
Japan	USD	1,080,000	568,032	1,080,000	568,032
Kenya	USD	10,000	-	10,000	-
Korea (Republic)	USD	100,000	75,000	100,000	75,000
Kuwait	USD	9,000	3,667	9,000	3,667
Luxembourg	EUR	15,450	11,250	15,350	11,177
Malawi	USD	1,000	-	1,000	-
Malta	EUR	150	100	149	99
Monaco	EUR	400	250	397	248
Mongolia Debt2Health – Germany	EUR	29,000	2,278	28,813	2,263
Morocco	EUR	1,292	862	1,284	856
Netherlands	EUR	180,000	120,000	178,838	119,225
New Zealand	NZD	2,500	1,600	1,473	943
Niger	USD	1,000	-	1,000	300
Niger	EUR	-	302	-	-
Nigeria	USD	13,200	-	13,200	-
Norway	NOK	2,000,000	1,213,000	193,184	117,166
Other Public Donors	EUR	15,000	-	14,903	-
Paraguay	USD	50	49	50	49
Portugal	EUR	1,500	1,200	1,490	1,192
Qatar	USD	50,000	20,000	50,000	20,000
Rwanda	USD	3,250	541	3,250	541
Saudi Arabia	USD	39,000	26,000	39,000	26,000

Replenishment Period		2023-2025		2023-2025	
In thousands		in Donor Source Currency		in Functional Currency - USD	
Donors	Currency	Total Pledges	Total Contributions received	Total Pledges	Total Contributions received
Contributions for the 7th replenishment					
Singapore	USD	600	400	600	400
South Africa	USD	13,000	8,600	13,000	8,600
Spain	EUR	130,000	90,000	129,160	89,419
Sweden	SEK	3,000,000	1,700,000	274,203	155,382
Switzerland	CHF	64,000	40,830	66,452	42,394
Tanzania	USD	1,000	998	1,000	998
Thailand	USD	3,000	3,000	3,000	3,000
Togo	USD	1,500	500	1,500	500
Uganda	USD	3,000	296	3,000	296
United Kingdom	GBP	1,000,000	850,516	1,176,125	1,000,313
United States	USD	6,000,000	1,821,953	6,000,000	1,821,953
Zimbabwe	USD	1,000	-	1,000	-
Total Public Donors				14,451,793	7,286,399
Private donors					
Abbott Fund	USD	5,000	3,334	5,000	3,334
Absa Group Ltd	USD	150	150	150	150
Aids Healthcare Foundation	USD	10,000	2,000	10,000	2,000
Anglo American	USD	15,500	7,750	15,500	7,750
The Gates Foundation	USD	927,000	614,262	927,000	614,262
Catholic Relief Services	USD	3,000	1,500	3,000	1,500
Children's Investment Fund Foundation	USD	33,189	17,589	33,189	17,589
Comic Relief	USD	6,000	2,250	6,000	2,250
F.Hoffmann-La Roche	CHF	600	400	623	415
GlaxoSmithKline plc and Viiv Healthcare	GBP	8,000	6,500	9,409	7,645
Goodbye Malaria	USD	5,500	251	5,500	251
J.C. Flowers Foundation	USD	1,000	1,000	1,000	1,000
Johnson & Johnson Foundation	USD	15,000	10,500	15,000	10,500
KN Cam Ranh Co., Ltd.	USD	3,000	-	3,000	-
McGovern Foundation	USD	1,000	1,000	1,000	1,000
Medtronic LABS	USD	100	50	100	50
New Venture Fund	USD	499	499	499	499
Other Private Donors	USD	82,000	35,020	82,000	35,020
Outcomes Fund for Fevers	USD	25,000	-	25,000	-
Plan International Canada	CAD	3,000	-	2,244	-
Product (RED)	USD	150,000	30,609	150,000	30,609
PT. Kalbe Farma TBK	USD	1,500	1,000	1,500	1,000
Rotary Australia World Community Service	USD	4,800	-	4,800	-
Skoll Foundation	USD	10,000	7,000	10,000	7,000
SMJR Foundation	USD	1,000	-	1,000	-
Takeda Pharmaceutical	JPY	376,000	376,000	2,618	2,618
Tanoto Foundation	USD	1,000	600	1,000	600
The Rockefeller Foundation	USD	15,000	13,000	15,000	13,000
Total Private Donors				1,331,132	760,042

(b) Financial management framework

The core financial framework and principles for the management of the Global Fund's Sources and Uses of Funds are set out in the Comprehensive Funding Policy (CFP) which defines asset-liability management principles and makes provisions for the management of foreign exchange risk and investments.

The Global Fund Secretariat monitors and reports to the Board and the Audit and Finance Committee on a regular basis on the three topics below.

Asset-liability management

The Global Fund's asset-liability management (ALM) framework, defined in the CFP, aims at ensuring the balance of Sources and Uses of Funds, as well as maximizing the amount, optimizing the timing and increasing the certainty of resources for recipients with a sufficient degree of advance visibility.

In addition to assets included in the Global Fund's balance sheet, Sources of Funds include adjusted donor pledges and contribution agreements that are not included in financial statements. At the end of 2024, the Global Fund had sufficient confirmed financial resources as Sources of Funds to meet funding allocated by the Global Fund Board under Uses of Funds.

(c) Treasury Management

Investment Management

The World Bank, acting as the Trustee of the Global Fund Trust Fund, manages the Global Fund's investments. The investment framework provides clear guidance for the Trustee as it manages the investment procedures and practices. Under this framework, the Global Fund defines the strategic asset allocation with the support of the Trustee.

As of 31 December 2024, the Global Fund Trust Fund investment balance pool was valued at USD 4,756 million (2023: USD 5,017 million) and exhibited an annual rate of return of 5.63% (2023: 6.40%). In absolute terms, the Trustee reported a USD 250 million net investment gain on the Trust Fund (2023: USD 280 million investment gain).

Foreign Exchange Management

The Global Fund uses the US dollar (USD) as its functional and reporting currency. Foreign exchange risk arises due to a net open position in currencies other than USD in the Global Fund's Sources and Uses of Funds as defined in the CFP.

The Global Foreign-Exchange (FX) Management Framework aims at effective management of risk arising from FX exposures to elements included in the Global Fund's asset-liability management framework. The hedging policy operates at a portfolio level and is controlled with a specific risk metric utilizing value-at-risk (VaR). FX losses and gains on FX hedging instruments are set against FX losses and gains on on-balance and off-balance sheet items. As a result, effects on FX hedging instruments may more than compensate for FX effects on other balance sheet items.

The key principles of hedging followed under the FX Management Framework can be summarized as follows:

- Role of hedging: reduce volatility of FX effects on the ALM (i.e. from reference point of the Replenishment); and
- Hedging should produce FX effects in a direction opposite to FX effects before hedges.

Specifically in the period under review, hedges have produced, per currency, results of sign opposed to FX results before hedges. Overall FX effects are limited because of hedging.

For the year ended 31 December 2024, a net foreign exchange gain of USD 2 million is reported on the net ALM positions (2023: USD 10 million net gain). The following table summarizes the impact of hedging on net FX results, including economic FX results (off-balance sheet).

USD million	Before hedges	Hedges	Net
Accounting FX results (on-balance sheet)	(83)	84	2
Economic FX results (off-balance sheet)	8	-	8
Net FX results 2024	(75)	84	10
<i>Net FX results 2023</i>	<i>53</i>	<i>(70)</i>	<i>(17)</i>
<i>Net FX results 2022</i>	<i>162</i>	<i>(181)</i>	<i>(19)</i>

A detailed analysis on the net foreign exchange results is included in note 5.7 to the annual financial statements.

4.3 The Global Fund Provident Fund

The Global Fund maintains a Provident Fund for the benefit of its employees, the Global Fund Provident Fund (GFPP). The Provident Fund is administered in Swiss Francs (CHF) consistent with employee remuneration. As at 31 December 2024, when measured in CHF, the Provident Fund assets fully cover the underlying employee benefit liability.

For the purposes of the annual financial statements, the Provident Fund assets are translated into USD. The Provident Fund qualifies as a defined benefit obligation under IAS-19 *Employee Benefits* and accordingly is subject to an annual actuarial valuation. Following the technical valuation by an external actuary, the net employee benefit obligation was valued at USD 349 million (2023: USD 327 million). This includes USD 318 million of Provident Fund reserves and USD 32 million of cumulative actuarial valuation reserve.

As at 31 December 2024, the Provident Fund asset base was USD 318 million (2023: USD 303 million) which included USD 312 million (2023: USD 290 million) of investments measured at fair value and USD 6 million (2023: USD 13 million) in cash and cash equivalents. These assets are held and invested solely for funding future employee benefits under the Provident Fund Constitutional Declaration and Benefits Rules. During 2024, a net fair valuation gains on Provident Fund investments for USD 12.5 million (2023: USD 7.5 million net gain) was reported.

In CHF, the currency in which the Provident Fund is managed, the annual rate of return on investments was 4.89% against a benchmark of 6.26% (2023: 1.8% against benchmark of 5.5%). Positive performance was driven mostly by the Provident Fund's equity portfolio, which delivered a return of 28.63%. Sovereign bonds and Real Estate were the worst performers at -3.77% and -2.24%, respectively.

Since its inception in 2009 until 2024, the Provident Fund has distributed surplus in 8 years amounting to a cumulative value of CHF 48.6 million. Based on the 2024 financial results, CHF 4.9 million may become available for surplus distribution in 2025.

2025 Looking Forward

The Global Fund Strategy is a multiyear road map for our partnership's future. It guides how our partnership can accelerate progress towards our vision of a world free of the burden of AIDS, TB and malaria with better, equitable health for all. The success of the Strategy will be measured through ambitious goals, targets and indicators.

2025 Organizational Priorities include:

1. Implement grants for maximum impact
2. Invest in our people and culture
3. Deliver the 8th Replenishment
4. Prepare for the future

Besides core operations of grants and Replenishment, this section outlines the Secretariat's on:

Environmental reporting: prepare for the future

The increasing frequency of climate-driven extreme weather events – including flooding, extreme heat and cyclones has underscored the urgency of addressing the health impacts of environmental challenges. With an increasing number of countries declaring states of emergency due to climate-related disasters, the impacts of climate change are evident. These include worsening health outcomes, disruptions to essential healthcare services, and the increasing spread of infectious diseases, all of which disproportionately affect vulnerable populations. In alignment with our Environmental, Social, and Governance (ESG) principles, the Global Fund is committed to environmental stewardship, and our strategic vision integrates sustainability into operations to address these challenges while safeguarding health gains against HIV, TB and malaria.

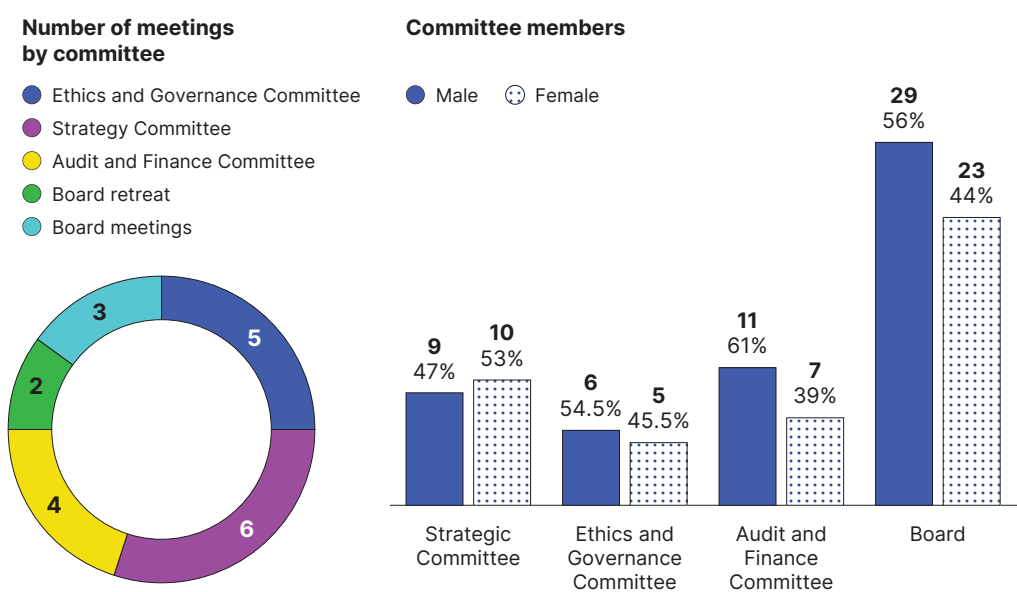
Recognizing the threat climate change poses to our mission, the Global Fund has made strategic engagements on platforms such as UNFCCC COP28, the World Health Assembly, and the G20, in partnership with WHO ATACH, the World Bank, the Green Climate Fund and others. We are enhancing our internal systems to better manage carbon emissions and environmental impacts across HIV, TB and malaria health product supply chains, procurement and the Secretariat. At the country level, we support the integration of climate-resilient and low-carbon measures into malaria, TB, HIV and resilient and sustainable systems for health (RSSH) grants, tailored to specific demands and contexts.

A significant component of our efforts to reduce our carbon footprint involves optimizing business travel. As of April 2024, the organization implemented a voluntary downgrade incentive program to encourage travellers to opt for Economy or Premium Economy class instead of Business class. This initiative has garnered significant interest among travellers and has contributed to a reduction of approximately 300,000 kilograms of CO₂ emissions. Furthermore, the organization has adopted a more stringent approach to mission planning by closely evaluating the criticality of each mission and the number of travellers involved. This ensures that only essential personnel are deployed, thereby minimizing the carbon impact of organizational travel.

Looking ahead, we are designing a Climate-Health Catalytic Initiative in partnership with private sector donors, to bridge the climate-health finance and capacity gaps. Lessons learned will be consolidated to scale impactful solutions, with a focus on integrating climate considerations to protect health gains and outcomes from the escalating climate emergency. By leveraging partnerships, expanding climate-health financing, and embedding sustainability deeper into operations, we remain committed to advancing a net-zero future while ensuring the resilience of health systems in the face of climate events.

Governance reporting

The Global Fund is composed of several committees that meet several times a year to ensure the smooth running of the organization's activities. These meetings are composed of a variety of representatives. Below is the frequency of the committee meetings and a highlight of the composition of the committees:



Operational accomplishment in 2024: Launch of IT Service Center

The Global Fund's IT Department embarked on a strategic initiative to evolve the existing outsourced services by establishing an IT Service Center, designed to provide high-quality, cost-effective, and scalable services starting with Application Maintenance and Support services (AMS). After launching an RFP in December 2023, to validate the business case and identify potential partners for setup of a Service Center with AMS as the pilot, Cognizant was selected as the partner of choice for the Service Center to be based out of Chennai, India. The Service Center setup phase commenced in July 2024, followed by onboarding of the team, knowledge transition, operating model definition and process alignment. This was achieved through a successful collaboration with Finance, Legal and Sourcing teams.

This new operating model seeks to address challenges related to knowledge retention, accelerate time-to-market of solutions and services, and also deliver the services with lower costs and increased transparency. The model maintains Global Fund control over operations and costs and enables full independence to operate a true core-flex model. The pilot with AMS services anticipates achieving a cumulative savings of between USD 2 million to USD 4.9 million over a three year period.

As of 1 January 2025, the Service Center is fully operational under the new Operating Model for AMS delivering services without any major issues and focusing currently on stabilization of operations, while also kicking off implementation of continuous service improvements.

IT Service Center inauguration in Chennai, India, January 2025



Annual Financial Statements 2024



Medical staff at the TB dispensary of the Public Sector TB Facility in Sukkur, Sindh Province, Pakistan.

The Global Fund/Vincent Becker

Responsibility for the financial statements

The Secretariat is responsible for the preparation of the financial statements and related information that is presented in this report. The financial statements are prepared in conformity with accounting principles under IFRS Accounting Standards. The financial statements include amounts based on estimates and judgments made by the Secretariat. KPMG SA was appointed as the statutory auditors by the Global Fund Board upon the recommendation of the Audit and Finance Committee to audit and opine on the financial statements of the Global Fund.

The Secretariat designs and maintains accounting and internal control systems to provide reasonable assurance at reasonable cost that assets are safeguarded against loss from unauthorized use or disposition, and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. These systems are augmented by written policies, an organizational structure providing division of responsibilities, careful selection and training of qualified personnel, and a program of external reviews.

The Global Fund Board, through its Audit and Finance Committee, meets periodically with the Secretariat and KPMG SA to ensure that each is meeting its responsibilities, and to discuss matters concerning internal controls and financial reporting.

These financial statements as at and for the year ended 31 December 2024 were approved by the Board on 14 April 2025.

**Report of the Statutory Auditor to the Board of
The Global Fund to fight Aids, Tuberculosis and Malaria (The Global Fund), Le Grand-Saconnex**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Global Fund to fight Aids, Tuberculosis and Malaria (The Global Fund), which comprise the statement of financial position as at 31 December 2024, the statement of income, the statement of comprehensive income, the statement of cash flows and the statement of changes in funds for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements (pages 43 to 76) give a true and fair view of the financial position of The Global Fund as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of The Global Fund in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Global Fund Board is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the stand-alone financial statements of The Global Fund and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The Global Fund Board and the Secretariat's Responsibilities for the Financial Statements

The Global Fund Board and the Secretariat are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Global Fund Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Global Fund Board and the Secretariat are responsible for assessing the Global Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Global Fund Board either intends to liquidate The Global Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Global Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Global Fund Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Global Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Global Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Global Fund Board primarily through the Audit and Finance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Global Fund Board.

We recommend that the financial statements submitted to you be approved.

KPMG SA



Alexandra Depoire
Licensed Audit Expert
Auditor in Charge



Elodie Elloy
Licensed Audit Expert

Geneva, 14 April 2025

Enclosure:

- Financial statements (statement of income, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in funds and notes)

**Statement of income
for the year ended 31 December**

USD millions	Notes	2024	2023
Operating activities			
Income			
Contributions	4.1	3,294	6,264
Expenditure			
Grants	3.2	(6,219)	(4,597)
Operating expenses	6.1	(397)	(390)
Total		(6,616)	(4,987)
Net operating activities		(3,322)	1,277
Financing and Investing Activities			
Foreign exchange result, net	5.7	2	10
Financial income, net	5.8	250	280
Discounting on long-term financial positions	5.9	95	70
Total		347	360
(Decrease)/ Increase in funds		(2,975)	1,637

**Statement of comprehensive income
for the year ended 31 December**

USD millions	Notes	2024	2023
(Decrease)/ Increase in funds		(2,975)	1,637
Other comprehensive income			
Remeasurement loss on defined benefit liability that will not be reclassified to the statement of income	6.2	(20)	(36)
Total comprehensive income for the year		(2,995)	1,601

**Statement of financial position
At 31 December**

USD millions	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	5.1	41	43
Trust Fund	5.2	4,756	5,017
Contributions receivable	4.2	1,468	1,816
Derivative financial instruments at fair value	5.6	54	29
Other receivables	4.2	59	45
		6,378	6,950
Non-current assets			
Contributions receivable	4.2	787	1,987
Provident Fund investments	5.3	312	290
Tangible and intangible assets		30	37
		1,129	2,314
Total Assets		7,507	9,264
Liabilities			
Current liabilities			
Grants payable	3.3	3,765	2,228
Derivative financial instruments at fair value	5.6	13	104
Other current liabilities	6.3	105	75
		3,883	2,407
Non-current liabilities			
Grants payable	3.3	45	293
Employee benefit liabilities	6.2	349	327
Lease liability		17	28
		411	648
Total Liabilities		4,294	3,055
Temporarily restricted funds	7.3	122	57
Unrestricted funds	7.3	3,155	6,195
Remeasurement of defined benefit liability	6.2	(64)	(43)
Total Funds		3,213	6,209
Total Liabilities and Funds		7,507	9,264

**Statement of cash flows
for the year ended 31 December**

USD millions	Notes	2024	2023
Operating activities			
Cash received from donors	4	4,860	4,613
Grant disbursements	3	(4,931)	(5,121)
Payments for operating expenses		(366)	(371)
Proceeds from the settlement of forward contracts		70	133
Payments from the settlement of forward contracts		(101)	(327)
Net cash flow used in operating activities		(468)	(1,072)
Investing activities			
Financial income received, net	5.8	190	143
Purchases of Provident Fund investments		(31)	(24)
Purchases of tangible and intangible assets		(4)	-
Net cash flow from investing activities before Trust Fund movements		155	119
Net cash rebalancing between commercial banks and Trust Fund		321	863
Net cash flow from investing activities		476	982
Financing activities			
Payment of lease liabilities		(8)	(8)
Net cash flow used in financing activities		(8)	(8)
Net increase/ (decrease) in cash and cash equivalents		1	(98)
Cash and cash equivalents			
- at beginning of the year	5.1	43	135
Effect of exchange rate changes		(3)	6
- at end of the year	5.1	41	43

In addition to the cash and cash equivalents reported in the statement of cash flows presented above, the Global Fund considers the Trust Fund as an integral part of the cash management for its core operations. The following table provides an overall operational cash management position:

As of 31 December

USD millions	Notes	2024	2023
Amounts held in commercial banks	5.1	41	43
Amounts held in Trust Fund	5.2	4,756	5,017
Total operational cash balance		4,797	5,060

Statement of changes in funds for the year ended 31 December	Foundation capital¹	Temporarily restricted funds	Unrestricted funds	Remeasurements of defined benefit liability	Total
USD millions					
As of 1 January 2023	-	50	4,566	(8)	4,608
Increase in funds for the period		7	1,630	-	1,637
Other comprehensive income	-	-	-	(36)	(36)
On 31 December 2023	-	57	6,196	(44)	6,209
As of 1 January 2024	-	57	6,196	(44)	6,209
Increase/ (decrease) in funds for the period		65	(3,040)	-	(2,975)
Other comprehensive income	-	-	-	(20)	(20)
On 31 December 2024	-	122	3,155	(64)	3,213

1 The Global Fund maintains CHF 50,000 as statutory foundation capital.

Explanatory notes to the annual financial statements

The Global Fund presents its financial statements to include the following key financial statements:

1. Statement of income.
2. Statement of comprehensive income.
3. Statement of financial position.
4. Statement of cash flows; and
5. Statement of changes in funds.

The disclosure content in the financial statements and in particular, the notes to the financial statements is carefully selected to increase focus on the net financial results of what drives the Global Fund's performance. The financial statements have been supported by detailed notes grouped into seven sections that provide a granular view of the core activities of the Global Fund.

With the intent to enhance readability and understanding, each section presents the financial information and material accounting policies that are relevant to understanding the activities and accounting principles of the Global Fund.

The accompanying notes are an integral part of these financial statements.

Index for notes to the financial statements

Section 1: Activities and organization

Section 2: Basis of reporting

Section 3: Grant activities

- 3.1: Contingent liability
- 3.2: Grant expenditure
- 3.3: Grants payable

Section 4: Donor activities

- 4.1: Contribution income and revenue recognition
- 4.2: Contributions receivable
- 4.3: Contingent assets

Section 5: Management of funds

- 5.1: Cash and cash equivalents
- 5.2: Trust Fund
- 5.3: Provident Fund investments
- 5.4: Financial risk management objectives and policies
- 5.5: Foreign exchange exposures
- 5.6: Foreign exchange risk management
- 5.7: Foreign exchange accounting
- 5.8: Financial income, net
- 5.9: Discounting of long-term financial positions
- 5.10: Impact of external events

Section 6: Operating activities

- 6.1: Operating expenses
- 6.2: Employee benefit liabilities
- 6.3: Other current liabilities

Section 7: Other disclosures

- 7.1: Related party transactions
- 7.2: Taxation
- 7.3: Unrestricted and temporarily restricted funds

Section 1: Activities and organization

The Global Fund to Fight AIDS, Tuberculosis and Malaria ("the Global Fund") is a partnership designed to accelerate the end of AIDS, TB and malaria as epidemics. It applies four core principles: country ownership, partnership, transparency and performance-based funding.

The Global Fund is recognized as an international organization, initially formed as a Swiss foundation. It commenced operations on 22 January 2002, and Geneva authorities accepted its registration on 24 January 2002. Its status has been elaborated through an ongoing process of legal recognition by various national governments and international organizations. The Swiss Federal Council accorded the Global Fund international organization status, which is comparable to that of UN organizations, through the 2004 Headquarters Agreement. The United States of America, through an executive order in 2006, designated the Global Fund as a public international organization in accordance with the United States International Organizations Immunities Act. The European Commission, through a 2014 Commission Decision, assimilated the Global Fund to the status of an international organization for the purposes of managing European Union funds. The Agreement on Privileges and Immunities of the Global Fund to Fight AIDS, Tuberculosis and Malaria became effective on 17 August 2019.

The Global Fund maintains a Provident Fund for the purposes of providing retirement, death and disability benefits to its employees and their qualifying dependents and beneficiaries. It does not have a separate legal personality from the Global Fund. It enjoys the same privileges and immunities accorded to the Global Fund in line with the organizational status outlined above.

The Global Fund headquarters are in Geneva, Switzerland. The registered address is Chemin du Pommier 40, Grand-Saconnex 1218, Geneva, Switzerland. Foundations in Switzerland may be subject to monitoring by the Swiss Federal Supervisory Board for Foundations. The Global Fund does not have any in-country offices, branches or affiliates.

Section 2: Basis of reporting

2.1 Statement of compliance

The financial statements have been prepared in compliance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Currently, IFRS does not contain specific guidelines for not-for-profit organizations concerning the accounting treatment and presentation of the financial statements. Where the IFRS are silent or do not give guidance on how to treat transactions specific to the not-for-profit sector, accounting policies have been based on IFRS dealing with similar and related issues or the general IFRS principles, as detailed in the Conceptual Framework for Financial Reporting.

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities that are measured at fair value, as explained in the respective sections of the foot note disclosures. For such items that are subject to measurement at fair value, the inputs and fair valuation techniques are described in the respective notes in the financial statements.

Due to rounding, numbers presented throughout these financial statements may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

These financial statements as at and for the year ended 31 December 2024 were approved by the Global Fund Board on 14 April 2025.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars (USD), the Global Fund's functional currency, and rounded to the nearest million, unless otherwise stipulated.

Transactions in foreign currencies are recognized in USD at rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to USD at the exchange rates at the reporting date. All differences are recognized in the statement of income.

2.4 Significant management judgments, estimates and assumptions

All significant judgments, estimates and assumptions that are relevant to the understanding of the financial statements are provided through the notes to the financial statements. In particular, the Global Fund has applied judgment in accounting for certain transactions with respect to grants (Section 3) and contributions (Section 4).

The Global Fund is subject to risks and uncertainties, which may lead to actual results differing from these estimates, both positively and negatively. Specific financial risks arising from the external environment are outlined under note 5.10. The financial statements have been prepared on a going concern basis.

2.5 Changes in accounting policies, estimates and judgments and standards issued and not yet effective

New standards, amendments and interpretations either became effective 1 January 2024 or were issued but not yet operative. This includes IFRS 18 on Presentation and Disclosure in Financial Statements. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. This will be effective for reporting periods beginning on or after 1 January 2027. The Global Fund will undertake an assessment of implications on its financial statements.

2.6 Financial instruments – Accounting classification

The following table shows the net carrying amounts of financial assets and financial liabilities. For financial assets and liabilities not measured at fair value, the carrying value is a reasonable approximation of fair value.

As at 31 December 2024

All amounts in USD million

All amounts in USD million		Carrying amount	
Global Fund financial position	Note	Mandatorily at FVTPL	At Amortized Cost
Financial assets measured at fair value			
Trust Fund asset	5.2	4,756	-
Provident Fund investments	5.3	312	-
Derivative financial instruments	5.6	54	-
Financial assets not measured at fair value			
Cash and cash equivalents	5.1	-	41
Contributions receivable	4.2	-	2,255
Other receivables ²	4.2	-	47
Financial liabilities measured at fair value			
Derivative financial instruments	5.6	13	-
Financial liabilities not measured at fair value			
Other liabilities ²	6.3	-	46
Lease liability		-	25
Grants payable	3.3	-	3,810

As at 31 December 2023

All amounts in USD million

All amounts in USD million		Carrying amount	
Global Fund financial position	Note	Mandatorily at FVTPL	At Amortized Cost
Financial assets measured at fair value			
Trust Fund asset	5.2	5,017	-
Provident Fund investments	5.3	290	-
Derivative financial instruments	5.6	29	-
Financial assets not measured at fair value			
Cash and cash equivalents	5.1	-	43
Contributions receivable	4.2	-	3,803
Other receivables ²	4.2	-	35
Financial liabilities measured at fair value			
Derivative financial instruments	5.6	104	-
Financial liabilities not measured at fair value			
Other liabilities ²	6.3	-	34
Lease liability		-	35
Grant payable	3.3	-	2,521

² Other receivables/liabilities that are not financial assets/liability (prepaid expenses, provision) are not included

Section 3: Grant activities

Grant making is the core operation of the Global Fund and forms the major source of expenditure and cash outflow. The Global Fund uses portfolio categories to ensure that operational policies and processes reflect contextual needs for countries. The list of countries in each of these categories below is updated for each allocation period based on the allocation amount, the disease burden, and opportunity for strategic impact of the country:

- i. High Impact Portfolios are generally very large portfolios with mission-critical disease burdens. These portfolios are split geographically:
 - a. Asia
 - b. Africa I (West and Central Africa)
 - c. Africa II (rest of Africa)
- ii. All other portfolios

The table below summarizes the accounting results for core grant activities based on the accounting principles underlined in this section:

Grant stage for the year ended 31 December	Contingent Liability: Board approved but not committed	Annual commitment	Disbursement of committed amounts As per statement of cash flow	Foreign exchange gains on EUR grant liabilities	Annual commitments not disbursed as at 31 December (Grants payable as per statement of financial position)
Notes	3.1	3.2			3.3
2024	8,021	6,219	4,931	28	3,810
2023	11,103	4,597	5,121	1	2,521

In the following notes, each stage of the standard grant lifecycle has been analyzed in detail:

3.1 Contingent liability

Contingent liabilities for grants are reported when the possible maximum obligation under the grant becomes clear and is communicated to the Principal Recipient. They represent a possible obligation that can be reliably measured but is still dependent on future events like the performance of the Principal Recipient and the availability of funding.

At the time contingent liabilities are reported, the Global Fund does not yet have a present obligation that it has no practical ability to avoid because it still has a substantive ability to manage the use of grant funds and accordingly restrict the future obligations and cash flows.

Following each Replenishment cycle (as mentioned under Section 4: Donor activities), the Global Fund determines the grant allocation cycle by country and by disease. These allocations represent the maximum eligible funds available to any country for the next three years. To access this funding, the Principal Recipients in these countries submit funding applications which transform into operational grants. These grants are subject to technical, risk and operational evaluations. Each grant is ultimately approved by the Global Fund Board following the recommendation of the Secretariat's Grants Approval Committee (GAC).

A contingent liability for grants is reported at the earlier of the following two milestones:

- i the transmission of the draft grant agreement, which is conditional to Board approval, to the Principal Recipient following the GAC recommendation, and
- ii the Global Fund Board approval.

Following Board approval, the Global Fund signs grant agreements that include substantive conditions based on performance and availability of funding and that remains a contingent liability. During grant implementation, the contingent liability of a grant is reduced by the cumulative amount of grant expenses.

The following table summarizes the contingent liability for grants as at 31 December:

	2024	2023
By category		
Grants approved by the Board but not signed	147	1,688
Grants agreements signed but not committed	7,874	9,415
Total	8,021	11,103

The following table provides an overview of contingent liability for grants by programmatic region defined by the Global Fund according to the risk and geographical classification of each country for a given allocation period:

	2024	2023
Contingent liability for grants to Principal Recipients		
By region		
Asia (outside High Impact), Europe, Latin America and Caribbean	647	775
Africa (outside High Impact) and Middle East	2,059	2,515
High Impact Africa I	1,666	2,610
High Impact Africa II	2,341	3,649
High Impact Asia	1,308	1,553
Total	8,021	11,103

3.2 Grant expenditure

Grants on behalf of Principal Recipients

The recognition of grant expenditure and liability is determined to be the point at which the annual funding decision is made and communicated by the Global Fund to the Principal Recipient. The annual funding decision provides the Principal Recipient with a firm disbursement schedule, together with a statement that conditions have been met and that the funding is available. At this point the Global Fund has a present obligation to the Principal Recipient to fulfil amounts committed and the full amount of the annual commitment resulting from the annual funding decision is recognized as a grant payable in the statement of financial position and recorded as expenditure within the statement of income.

During the year of the commitment, funds are disbursed on the basis of the annual funding decision and the level of remaining funds held by the Principal Recipient. As amounts are disbursed, there will be a subsequent reduction in the level of grants payable.

Grant-funded procurements under the Pooled Procurement Mechanism

Approximately one-quarter to one-third of the total grant expenditure is towards procurement expenditure made through the Global Fund Board-approved Pooled Procurement Mechanism (PPM). The Global Fund provides an online platform called wambo.org to its registered Principal Recipients who elect to use the PPM to purchase health supplies. At the point when the Global Fund approves a purchase order in wambo.org, a grant expenditure and the corresponding liability are recorded. The Global Fund pays the procurement service agent, which in turn forwards the payment to the manufacturer on behalf of the Principal Recipients in line with the underlying delivery terms, thereby reducing the liability.

Strategic Initiatives

Besides the core grants, the Global Fund provides separate funding for Strategic Initiatives that support the success of country allocations but cannot be funded through disease-specific components of grants. These initiatives are implemented through partners and suppliers for which individual multi-year projects that extend through a three-year allocation period are approved by the GAC. For Strategic Initiatives implemented through partners, the Global Fund recognizes the expenditure and corresponding liability when the disbursement decision has been made and communicated to the partner, as this represents the point at which there is a constructive obligation to disburse to the partner. The expenditure for all other Strategic Initiatives is recognized at the point of service delivery.

Grants under recovery

Grants under recovery from Principal Recipients are recognized at the point of issuing a formal demand letter to the Principal Recipients for amounts stated in the letters as being owed by them to the Global Fund. The amounts determined as grants under recovery are recognized through the statement of income. Given the operational nature of these recoveries, these are reported as a reduction of grant expenditure. At each reporting date, each recoverable balance is reviewed for expected credit loss due to uncertainty in future cash inflows compared with the recovery schedule agreed by the Principal Recipients under the recovery protocol.

The following table summarizes grant expenditure for the years ended 31 December:

	2024	2023
By category		
Grants on behalf of Principal Recipients	4,457	3,299
Discounting	(2)	(19)
<i>Grants on behalf of Principal Recipients, net</i>	<i>4,455</i>	<i>3,280</i>
Grants for PPM orders	1,698	1,161
Total grants for Principal Recipients	6,153	4,441
Grants under recovery	(1)	(6)
Strategic Initiatives	67	162
Total grants	6,219	4,597
Core grant expenditure		
Grants on behalf of Principal Recipients	4,457	3,299
Grants for PPM orders	1,698	1,161
Total undiscounted grants for Principal Recipients	6,155	4,460

	2024	2023
By disease		
HIV-AIDS (including HIV/TB)	3,026	2,156
Malaria	1,681	1,218
Tuberculosis	549	800
Others (including RSSH ³ and multi-component)	899	286
Total undiscounted grants for Principal Recipients	6,155	4,460
By region		
Asia (outside High Impact), Europe, Latin America and the Caribbean	373	373
Africa (outside High Impact) and Middle East	1,427	1,082
High Impact Africa I	1,461	891
High Impact Africa II	2,107	1,192
High Impact Asia	787	922
Total undiscounted grants for Principal Recipients	6,155	4,460

3.3 Grants payable

The following table summarizes grants payable as at 31 December:

	2024	2023
Grants payable within one year		
Grants payable to Principal Recipients		
- In USD	3,162	1,846
- In EUR	565	307
Grants payable to Principal Recipients in USD equivalent	3,750	2,187
Strategic Initiatives	15	41
Grants payable in equivalent USD within one year	3,765	2,228
Grants payable after one year		
Grants payable to Principal Recipients		
- In USD	32	252
- In EUR	12	37
Net grants payable in equivalent USD after one year	45	293
Total grants payable in equivalent USD	3,810	2,521

The long-term portion represents amounts that are due to be disbursed later than one year after the date of the statement of financial position and that are discounted to estimate their present value at this same date. The impact of unwinding of discount on long-term grants payable is disclosed separately in the statement of income for the reporting period (note 5.9).

Section 4: Donor activities

The Global Fund follows a three-year Replenishment cycle to secure funding for its grants and administrative operations. At the Replenishment Conference, donors make public announcements of their intended future contributions. These announcements are described as pledges. Pledges do not trigger an accounting event for the Global Fund. The first accounting impact is recognized following the conversion of pledges into formal contributions that require further substantive actions to be taken between the Secretariat and the donor.

The table below summarizes the accounting results for contributions based on the accounting principles underlined in this section:

For the year ended 31 December	Opening contributions receivable	Donor contributions per the statement of income	Discounting	Contributions received per the statement of cash flow	Foreign exchange fluctuation	Contributions receivable on the statement of financial position
NOTE	4.2	4.1	5.9			4.2
2024	3,803	3,294	114	4,860	(111)	2,255
2023	2,004	6,264	71	4,613	79	3,803

In the following sections, the financial impact of each stage in the donor contribution process has been analyzed in detail:

4.1 Contribution income and revenue recognition

The revenue recognition policy of the Global Fund follows the general principles as detailed in the Conceptual Framework for Financial Reporting. In addition, the Measurement section of IFRS 15 Revenue from contracts with customers is applied to non-current contributions receivable, as described in note 4.2 below.

The first point of revenue recognition is the signing of a formal contribution agreement with a donor. All contributions governed by a written contribution agreement that do not have any substantive conditionality bearing on future receipts are recorded as income at the date of signature of the agreement.

The management has undertaken a comprehensive evaluation to establish reasonable assurance on the probability of future economic benefits and degree of certainty for future encashments based on donor profile, political engagement and institutional relationship from such donors. For cases where the management concluded there is no substantial conditionality, revenue is recognised for the corresponding value of the signed contribution agreements, discounted where appropriate. Note 4.3 provides further detail on contribution agreements that bear substantial conditionalities. The following table summarizes the source of revenue recognized for the year ended 31 December:

	2024	2023
Donor contributions		
Contributions for core activities	3,292	6,342
Contributions for operating expenditure	6	4
<i>Sub-total</i>	<i>3,298</i>	<i>6,346</i>
Less discounting at the point of revenue recognition	(4)	(82)
Net contributions as per statement of income	3,294	6,264
By donor category		
Public	3,172	5,404
Foundations	98	900
Product (RED)	13	16
Corporations	4	17
International not-for-profit organizations	5	5
Total	3,292	6,342
By donor intent		
Unrestricted	3,157	6,253
Restricted	135	89
Total	3,292	6,342

4.2 Contributions receivable

At initial recognition, contributions receivable are generally recognized at face value. At subsequent reporting periods, they are stated at amortized cost, net of a provision for expected credit losses to cover the risk of future non-payment.

Contributions receivable with due dates later than 12 months after initial recognition are discounted using the applicable discount rate at the date of recognition.

Corresponding contributions income is recognized at the discounted amount required by IFRS 15. Discounts are released to the statement of income and receivables increased according to the effective interest method. The released discount is presented separately as discounting on long-term financial positions for the reporting period (note 5.9) in the statement of income.

The following table summarizes contributions receivable at 31 December:

	2024	2023
Contributions receivable within one year	1,468	1,816
Contributions receivable after one year	787	1,987
Net present value of contributions receivable	2,255	3,803
Receivable in 2024	-	1,816
Receivable in 2025	1,468	1,313
Receivable in 2026	278	277
Receivable after 2026	600	600
Gross contributions receivable	2,346	4,006
Less discount	(91)	(203)
Net present value of contributions receivable	2,255	3,803

The Global Fund reviews all contributions receivable as at the reporting date to assess for any expected credit losses. This assessment is based on a detailed review of individual donor credit profile, in-country economic and political situation and other known factors that may potentially have an adverse impact on the future cash receipts. Where the Global Fund determines there to be a collection risk, then an appropriate risk premium is deducted from receivable balances to reflect this risk.

For 2024, USD 26 million (2023: USD 5 million) in risk premiums are maintained as provision towards expected credit losses.

Other Receivables

The following table summarizes other receivables as at 31 December:

	2024	2023
Grants under recovery, net	26	24
Working capital advance for pooled procurement mechanisms	12	1
Security deposit	9	10
Prepaid expenses for operating expenses and Strategic Initiatives	12	10
Total	59	45

Grants under recovery are recognized based on the demand letters formally issued to Principal Recipients. This includes expected credit losses of USD 24 million given the uncertainty of future cash inflows compared with the recovery schedule agreed by the Principal Recipients under the recovery protocol (2023: USD 14 million).

4.3 Contingent assets

As at the reporting date, the Global Fund has USD 263 million (2023: USD 169 million) in signed contribution agreements that are subject to various performance obligations and conditions to be realized and reported over the period of the agreement. Given the uncertainty associated with the future encashments in respect of such donor agreements, these contributions will be recognized as revenue in the financial year in which the related performance obligations are satisfactorily fulfilled.

Section 5: Management of funds

The Global Fund is a financing institution and hence the management of its financial assets and liabilities is integral to the successful mission of the organization. In addition to its long-standing relationship with the World Bank, the Global Fund has built relationships with private sector banks to manage its financial assets and provide appropriate liquidity and risk management.

5.1 Cash and cash equivalents

The following table summarizes cash and cash equivalents as at 31 December:

	2024	2023
Amounts held in commercial banks	41	43

Amounts are held in commercial banks that have a long-term credit rating of *A or higher*.

5.2 Trust Fund

The World Bank acts as the Trustee for the Global Fund. Assets held in trust by the World Bank are held in a pooled cash and investments portfolio. The Pool established by the Trustee for all trust funds is administered by the World Bank Group.

Most financial contributions are received directly by the Global Fund and subsequently held in a trust fund which is administered by the World Bank. The objectives of the investment portfolio strategy are to maintain adequate liquidity to meet foreseeable cash flow needs and preserve and optimize investment returns. The movement in fair value of funds held in trust is recognized in the Statement of Income. The cash is invested by the World Bank in accordance with the Investment Framework of the Global Fund, as approved by its Audit and Finance Committee.

All disbursements out of the Trust Fund require authorization from the Global Fund. In accordance with the terms of the Trust Fund Agreement, as amended from time to time between the Global Fund and the World Bank, the Global Fund is the beneficial owner of the funds, assets and receipts that constitute the Trust Fund. The agreement may be terminated at any time by either party on a 90-day written notice with all funds, assets and receipts reverting to the Global Fund upon termination. The funds held in the Trust Fund qualify as a single asset and as such are presented separately in the statement of financial position but form an integral part of the operational cash management.

As of 31 December 2024, the Pool had a fair value measurement of USD 68,341 million (2023: USD 45,026 million) as confirmed by the World Bank. The share of the Global Fund assets held in the Pool is 6.96% (2023: 11.14%). The following table reflects the asset allocation in the Pool:

Types of financial instruments	2024	2023
Government and agency obligations	63%	58%
Time deposits and money market securities	15%	25%
Asset-backed securities	17%	13%
Equity securities	4%	4%
Derivatives, net	1%	-
Total	100%	100%

Fair value of financial instruments held in Pool

The Trust Fund's assets consist of its share of cash and investments in the Pool. The Pool is actively managed and invested in accordance with the investment strategy established for the respective trust funds. The objectives of the investment strategy are foremost to maintain adequate liquidity to meet foreseeable cash flow needs and preserve capital and then to maximize investment returns. The Trust Fund's share in the Pool is not traded in any market; however, the underlying assets within the Pool are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If an active market exists, the market price is applied. If an active market does not exist, generally accepted valuation techniques, based on observable market data at the reporting date, are used instead. All investment decisions are made, and performance is monitored at the Pool level. The fair value amount of the Trust Fund's share of the cash and investments in the Pool at the end of each reporting period is also disclosed.

The International Bank for Reconstruction and Development, IBRD, on behalf of the World Bank Group, has an established and documented process for determining fair values. Fair value is based upon quoted market prices for the same or similar securities, where available. Financial instruments for which quoted market prices are not readily available are valued based on discounted cash flow models. These models primarily use market-based or independently sourced market parameters such as yield curves, volatilities, foreign exchange rates and credit curves, and may incorporate unobservable inputs. Selection of these inputs involves judgment. The Pool may include financial instruments such as government and agency obligations, time deposits, money market securities, asset-backed securities, equity securities, securities purchased under resale agreements and securities sold under repurchase agreements, and derivatives.

The techniques applied in determining the fair values of financial instruments are summarized below.

Government and agency obligations, asset-backed securities and equity securities

Where available, quoted market prices are used to determine the fair value of government and agency obligations, asset-backed securities, and exchange-traded equity securities. For securities for which quoted market prices are not readily available, fair values are determined using model-based valuation techniques, either internally generated or vendor-supplied, that include discounted cash flow method using market observable inputs such as yield curves, credit spreads, prepayment speeds, foreign exchange rates and funding spreads.

Time deposits and money market securities

Unless quoted prices are available, time deposits and money market securities are reported at face value, which approximates fair value.

Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are reported at face value, which approximates fair value.

Derivative contracts

Derivative contracts include currency forward contracts, currency swaps, interest rate swaps, and contracts to purchase or sell to-be-announced securities. Derivatives are valued using model-based valuation techniques, which include discounted cash flow method with market observable inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

Fair valuation hierarchy

The Trustee undertakes a fair valuation of the financial instruments held in the shared pool of cash and investments. The fair value measurements are categorized based on the inputs to the valuation techniques as follows (in the order of priority placed on the inputs):

- Level 1: Financial instruments whose values are based on unadjusted quoted prices for identical instruments in active markets.

- Level 2: Financial instruments whose values are based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the instrument.
- Level 3: Financial instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The Trust Fund's financial instruments are categorized based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to observable market-based inputs or inputs that are corroborated by market data (Level 2) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3). When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement of the instrument in its entirety.

Given that the Trust Fund's share in the Pool is not traded in any market, it qualifies as a Level 2 asset given the observability and significance of the fair values of the underlying instruments and the fact that no adjustments for rights and obligations inherent with regard to ownership or frequency at which the organization can redeem its interest exists.

The following table shows the Trust Fund's share of financial instruments held in the Pool recognized at fair value, categorized between levels 1 and 2:

As of 31 December 2024	Level 1	Level 2	Level 3	Total
Government and agency obligations	1,525	1,534	-	3,058
Asset and mortgage-backed securities	-	849	-	849
Equity	201	-	-	201
Time deposits	234	510	-	744
Repurchase/ resale agreements	-	1	-	1
Derivatives, net	5	29	-	34
Sub-total:	1,965	2,922	-	4,887
Cash, receivables & payables	-	-	-	(131)
Total	1,965	2,922	-	4,756

As of 31 December 2023	Level 1	Level 2	Level 3	Total
Government and agency obligations	1,455	1,483	-	2,938
Asset and mortgage-backed securities	-	666	-	666
Equity	201	-	-	201
Time deposits	253	994	-	1,247
Repurchase/ resale agreements	-	(1)	-	(1)
Derivatives, net	-	(4)	-	(4)
Sub-total:	1,909	3,138	-	5,047
Cash, receivables & payables	-	-	-	(30)
Total	1,909	3,138	-	5,017

The following table shows a comparative view of the Trust Fund and the cumulative value of the Shared Pool of cash and investments:

As of 31 December 2024	Shared Pool of Cash and Investments	Trust Fund	% Share
Level 1	27,667	1,965	7.10
Level 2	40,970	2,922	7.13
Level 3	-	-	-
Sub-total	68,637	4,887	7.12
Cash, receivables & payables	(296)	(131)	-
Total	68,341	4,756	6.96

As of 31 December 2023	Shared Pool of Cash and Investments	Trust Fund	% Share
Level 1	12,229	1,909	15.61
Level 2	33,338	3,138	9.41
Level 3	-	-	-
Sub-total	45,567	5,047	11.07
Cash, receivables & payables	(540)	(30)	-
Total	45,027	5,017	11.14

5.3 Provident Fund Investments

The Global Fund Provident Fund (Provident Fund) is established as a segregated fund within the Global Fund with an autonomous governance structure. The Provident Fund does not have separate legal personality from the Global Fund. The assets of the Provident Fund are invested for the purpose of the investment policy of the Provident Fund in accordance with the principles and responsibilities established in the Constitutional Declaration and Benefits Rules, as may be amended from time to time, and under article 6 of the Provident Fund Management Board Charter.

The Management Board through its Investment Committee makes the investment decisions for the Provident Fund assets. The Investment Committee has appointed an investment advisor, through which the Investment Committee has an established control framework to monitor the investment performance and fair valuation of the investment portfolio. Provident Fund assets are managed by institutional fund managers in diversified global equity, bond and real estate funds. Funds are regulated, open-ended investment funds. The Management Board has appointed a custodian for all Provident Fund investments.

There is a regular review of potential significant unobservable inputs and valuation adjustments as reported by the investment advisor. The respective investment managers are individually responsible for the fair valuation and performance measurement of their respective investment categories. The custodian collates the investment performance and fair valuation reporting monthly. Any significant valuation issues are reported separately. The investment advisor oversees all fair value measurements, including potential Level 3 fair values, and reports to the Investment Committee and the Management Board. When measuring the fair value of an asset or a liability, the investment advisor uses observable market data as far as possible.

Provident Fund investments are classified upon initial recognition as financial assets and at fair value through profit & loss (FVTPL), with any gains or losses arising on re-measurement recognized in the statement of income.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as outlined in note 5.2 above. The following table provides the fair valuation hierarchy of the Provident Fund investments:

As of 31 December 2024	Level 1	Level 2	Level 3	Total
Total Provident Fund investments	194	118	-	312
Equity	30	49	-	79
Bonds	134	16	-	150
Real estate	-	53	-	53
Money market	30	-	-	30

As of 31 December 2023	Level 1	Level 2	Level 3	Total
Total Provident Fund investments	173	117	-	290
Equity	25	41	-	66
Bonds	148	16	-	164
Real estate	-	60	-	60

The Provident Fund investments are held in Swiss francs (CHF). During 2024, USD 12.5 million was reported in net fair valuation gains on Provident Fund investments (2023: USD 7.5 million, net fair valuation gains).

5.4 Financial risk management objectives and policies

The Global Fund has various financial assets, such as cash and cash equivalents, Trust Fund, Provident Fund assets, contribution receivables, other receivables and derivative financial instruments. The main financial liabilities comprise grants payable, accrued expenses, lease liability and derivative financial instruments.

The main risks arising from these financial assets and liabilities are market and liquidity risks, which are summarized below. A detailed description of financial risk management on the Trust Fund is being reported given the materiality of the investments held. Similar risk management and oversight is done for Provident Fund investments and other financial assets and liabilities.

These risks are managed through a defined Treasury procedure. Compliance with these policies is monitored by the Treasurer and regular financial reporting is provided to the Global Fund Board through the Audit and Finance Committee, its standing committee on financial matters.

The Trust Fund assets held in the shared Pool of cash and investments are exposed to market, credit and liquidity risks. There has been no significant change during the financial year to the class of financial risks faced by the Trust Fund or the Trustee's approach to the management of those risks. The exposure and the risk management policies employed by the Trustee to manage these risks are discussed below:

Market risk: The risk that the value of a financial instrument will fluctuate because of changes in market prices, currency rates or changes in interest rates. The Trust Fund is exposed to market risk, primarily related to foreign exchange rates and interest rates. The Trustee actively manages the Pool to minimize the probability of incurring negative returns over the applicable investment horizon.

i. Interest rate risk

The interest rate risk of the Trust Fund and Provident Fund assets are assessed and managed as part of each respective performance monitoring framework (refer to notes 5.2 and 5.3 respectively).

The Trustee uses a value at risk (VaR) computation to estimate the potential loss in the fair value of the Pool's financial instruments with respect to unfavorable movements in interest rate and credit spreads. VaR is a statistical technique used to measure and quantify the level of financial risk over a specific period. It is measured in three variables: the amount of potential loss, the probability of that amount of loss and the period over which such potential loss could occur based on its probability. The VaR is measured using a parametric/analytical approach. It assumes that the movements in the market risk factors are normally distributed. In constructing the covariance matrix of market risk factors, a time decay factor is applied to weekly market data for the past three years with an exponential decay factor of 0.97. The covariance-variance matrix also includes the equity factor, where equity factor volatility is based on equity index returns. This approach considers three years' historical market observations, while giving more weight to recent market volatility.

The VaR of the Trust Fund's share of the portfolio over a 12-month horizon, at a 95% confidence level as of 31 December 2024 is estimated to be USD 136 million (2023: USD 97 million).

ii. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in currency exchange rates when there is a mismatch between assets and liabilities denominated in any one currency. The currency risk covers all categories of financial instruments that carry non-USD financial positions. Note 5.5 on foreign exchange exposures provides an overview of the net position of major currencies holdings.

The Trust Fund's currency risk arises from the portion of cash and investments in the Pool that are denominated in currencies other than USD. In accordance with the Trust Fund Agreement and/or the instructions from the Global Fund, the Trustee maintains the Trust Fund's share of cash and investments in the Pool in USD and EUR. Cash contributions received are converted into USD on receipt, except when the Global Fund instructs the Trustee to hold selected cash contributions received in EUR. Given the insignificant portion of Trust Fund assets held in EUR, there would be no material impact on the statement of income and statement of changes in funds from fluctuations in exchange rates as of 31 December 2024 and 2023.

iii. Credit risk/counterparty risk

Credit risk/counterparty risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk can be mitigated by limiting the amount of credit exposure to any individual issuer. Changes in the creditworthiness of an issuer can negatively impact the price of the securities. The portion of the investments held in securities that are rated below investment grade will be subject to a greater risk of default.

The Global Fund's maximum exposure to credit risk in relation to cash and bank balances, Provident Fund fixed income investments and contributions receivable is the carrying amount of those assets as indicated in the statement of financial position. In respect of funds held in the Trust Fund the Trustee does not hold any collateral or credit enhancements except for the repurchase agreements and resale agreements with counterparties. The Trustee identifies concentrations of credit risk based mainly on the extent to which the cash and investments in the Pool are held by an individual counterparty. The concentration of credit risk with respect to the Pool of cash and investments is limited because the Trustee has policies that limit the amount of credit exposure to any individual issuer.

The Trustee invests in liquid instruments such as time deposits and money market securities, government and agency obligations, mortgage-backed securities and derivative contracts. The Trustee limits investments to those financial instruments with minimum credit ratings at the time of the purchase in the U.S. markets or equivalent as follows:

- Time deposits and money market securities: issued or guaranteed by financial institutions whose senior debt securities are rated at least A-.
- Government and agency obligations: issued or unconditionally guaranteed by government agencies rated at least AA- if denominated in a currency other than the home currency of the issuer, otherwise no rating is required. Obligations issued by an agency or instrumentality of a government, a multilateral organization or any other official entity require a minimum credit rating of AA-.
- Asset-backed securities: minimum rating must be AAA, except for US agency mortgage-backed securities which must be at least AA-.
- Derivatives: counterparties must have a minimum rating of A-.

The following table presents the investment holdings in the sub-portfolio in terms of the counterparty credit risk exposure and investment categories at December:

Counterparty Credit Ratings	2024	2023
AA or greater	84%	71%
A- or greater	100%	100%

Liquidity risk: Liquidity is an indicator of how easily an investment may be converted into cash. An investment may be less liquid if it is not widely traded or if there are restrictions imposed by the exchange or the issuer. For the Global Fund, the risk is that the entity will encounter difficulty in raising liquid funds to meet its commitments. All the financial liabilities are payable based on the credit terms agreed with the suppliers in the underlying contractual agreements that are mostly short term. The Global Fund makes commitments for operating expenditure budget, trustee fees and grants only if there are sufficient underlying assets. Long-term financial liabilities are settled mostly between one and two years.

Economic risk: In addition to the financial risks outlined on the financial assets and liabilities, the Global Fund is also exposed to the economic risk on its off-balance sheet positions denominated in currencies other than USD. These mainly include pledges, allocated amounts, signed grant amounts that have not had a subsequent annual funding decision and approved operating expenditure budgets over the allocation period.

Hedging strategy

The Global Fund maintains a dynamic hedging strategy to preserve the net value of assets and liabilities against fluctuations of currency values and ensures the amounts from contributions and grants keep their economic value throughout their relevant periods of utilization.

The hedging strategy aims at preserving the economic value of future cash flows, and, as such, the Global Fund does not apply hedge accounting principle. The general principles of hedging are outlined below:

- i. Role of hedging: reduce volatility of FX effects on the asset-liability model, i.e., from starting point of the Replenishment; and
- ii. Hedging should produce FX effects in a direction opposite to FX effects before hedges.

Under the guidance of the hedging principles, hedgeable exposures are determined as FX risks net of adjustments taken due to the uncertainty of the underlining amount and timing of inflows and outflows of funds. This includes:

- i. Discount factor on donor contributions.
- ii. Discount factor on grants and other uses of funds.
- iii. Any other uncertainty factor.

The FX risk limit is measured through VaR with a 99% probability on a monthly basis. The VaR limit follows a two-risk metrics for the hedging strategy:

- a. From the net FX exposure off-balance-sheet: a minimum of 50% of the resulting VaR (exposure at risk) shall be covered by the hedging strategy (i.e., VaR metric at maximum 50% of the VaR arising); and
- b. From the net FX exposure on-balance-sheet: a minimum of 75% of the resulting VaR (exposure at risk) shall be covered by the hedging strategy (i.e., VaR metric at maximum 25% of VaR arising).

The risk metrics are reported under one combined VaR limit.

5.5 Foreign exchange exposures

In preparing the financial statements, transactions in currencies other than the functional currency are recognized at the rates of exchange prevailing at the dates of the transactions, which creates an exposure to foreign exchange risk for these particular assets or liabilities. At the end of each reporting period, monetary items such as contributions receivable in currencies other than USD and grants payable denominated in EUR are retranslated at the rates prevailing at that date. The currency risk associated with the foreign exchange exposure, both financial and economic, has been detailed in note 5.4 above. The Global Fund regularly undertakes the sensitivity analysis for each currency in which it holds significant exposure. The significant foreign currency exposures include Australian dollars (AUD), Canadian dollars (CAD), Swiss francs (CHF), Danish krone (DKK), Euros (EUR), pound sterling (GBP), Swedish krona (SEK), and Norwegian krone (NOK).

The following table outlines the net foreign currency exposures for these key currencies:

Currency	As of 31 December 2024			As of 31 December 2023		
	Net FX Exposure in Nominal Value	Hedges at Nominal Value	% Hedge Ratio	Net FX Exposure in Nominal Value	Hedges at Nominal Value	% Hedge Ratio
AUD	79	79	100	239	239	100
CAD	403	403	100	808	806	100
CHF	(111)	(112)	101	(324)	(330)	102
DKK	200	200	100	375	375	100
EUR	200	194	97	860	849	99
GBP	102	93	91	100	94	93
SEK	787	787	100	1,850	1,850	100
NOK	850	850	100	1,574	1,574	100

The Global Fund undertakes the sensitivity analysis based on a percentage change in exchange rates over immediately preceding three financial years. The Global Fund actively manages its foreign currency exposure through derivative financial instruments as described in note 5.4. As a result of the high hedging ratio, there would be no material impact towards the unhedged exposure on the statement of income and statement of changes in funds of a strengthening or weakening of non-USD currencies as at 31 December 2024 and 2023.

The following table summarizes exchange rates per USD for major currencies in which the Global Fund held financial positions on 31 December:

Key Foreign Currencies				Average FX Rates	
	2024	2023	% Fluctuation	2024	2023
AUD	0.6216	0.6811	(9)	0.6595	0.6647
CAD	0.6962	0.7549	(8)	0.7309	0.7406
CHF	1.1067	1.1881	(7)	1.1386	1.1133
DKK	0.1396	0.1480	(6)	0.1450	1.453
EUR	1.0408	1.1037	(6)	1.081	1.0824
GBP	1.2554	1.2731	(1)	1.2785	1.2443
SEK	0.0908	0.0993	(9)	0.0947	0.0946
NOK	0.0882	0.0984	(10)	0.0932	0.0952

[The Global Fund sources its corporate FX rates from Refinitiv]

5.6 Foreign exchange risk management

The Global Fund has implemented a strategy to mitigate the foreign exchange fluctuation risks as follows:

- Maximize the natural hedge of currency holdings by matching assets and liabilities by currency; and
- Monitor volatility and exposure by currency and engage in active hedging with levels of 50% to 100% through approved financial instruments.

Most of the contribution receipts to the Trust Fund are denominated and predominantly held in USD. However, a portion of funds are held in EUR to maintain a natural hedge for grant and other liabilities denominated in EUR. In addition, cash in EUR and CHF are held at a commercial bank to cover the operating expenses of the following year. Other currency balances are maintained for short time intervals in line with the cash management policy. The following table outlines the cash balances held in currencies other than USD in the source currency of cash holding:

As of 31 December	2024	2023
Amounts held in CHF	9	20
Amount held in EUR	9	11

The Global Fund uses derivative financial instruments, notably forwards and swaps to manage its exposure to foreign exchange fluctuations for net positions held in non-USD currencies. These financial instruments are used by the Global Fund to mitigate foreign exchange risk and are recognized at fair value with subsequent movements in value reported through the statement of income. The following tables present the notional value and the fair value of derivative financial instruments by settlement date and by currency:

BY SETTLEMENT DATE

As of 31 December	2024	2023
Assets, settlement within 12 months	54	29
Liabilities, settlement within 12 months	(13)	(104)
Net asset/ (liability) for derivative financial instruments at fair value	41	(75)

BY CURRENCY**As of 31 December 2024**

Currency (Level 2)	Notional Value in Millions	Forward Contracts at Fair Value in USD Millions
AUD	79	3
CAD	403	20
CHF	(112)	(6)
DKK	200	1
EUR	194	9
GBP	93	4
NOK	787	3
SEK	850	7
Net asset for derivative financial instruments at fair value		41

As of 31 December 2023

Currency (Level 2)	Notional Value in Millions	Forward Contracts at Fair Value in USD Millions
AUD	239	(7)
CAD	806	(13)
CHF	(330)	19
DKK	375	(1)
EUR	849	(37)
GBP	94	(18)
NOK	1,574	(7)
SEK	1,850	(11)
Net liability for derivative financial instruments at fair value		(75)

The fair value of derivative financial instruments is provided by the counterparty bank and based on price models using observable exchange rates, described as Level 2 in the fair value hierarchy.

5.7 Foreign exchange accounting

Foreign exchange gains or losses on non-USD positions are reported in the statement of income for the years ended 31 December were as follows:

By currency	2024		2023	
	Before Derivative Instrument	After Derivative Instrument*	Before Derivative Instrument	After Derivative Instrument*
AUD	(3)	6	-	2
CAD	(41)	5	17	(2)
CHF	(12)	(43)	(3)	21
DKK	(3)	2	-	*
EUR	(1)	24	29	1
GBP	(2)	4	9	(49)
SEK	(4)	10	4	2
NOK	(15)	(6)	16	27
Others	(2)	-	8	8
Total	(83)	2	80	10

* Including on and off-balance sheet items

	2024	2023
By net position		
Net foreign exchange (loss)/ gain on assets	(30)	15
Net foreign exchange gain/ (loss) on liabilities	32	(5)
Total: Net foreign exchange gain	2	10

5.8 Financial income, net

The investment of financial assets in the Trust Fund provides an investment return in line with the risks highlighted previously. The investment returns and related financial costs are summarized in the table below:

	2024	2023
Trust Fund gains, net	252	284
Financial costs	(2)	(4)
Total	250	280

The following tables provide a detailed view of the composition of Trust Fund gains/ (losses):

For the financial year ended 31 December 2024	Realized	Unrealized	Total
Investment gains	195	71	266
Investment losses	(2)	(12)	(14)
Total	193	59	252

For the financial year ended 31 December 2023	Realized	Unrealized	Total
Investment gains	166	139	305
Investment losses	(19)	(3)	(22)
Total	147	137	284

5.9 Discounting of long-term financial positions

By financial position	2024	2023
Contributions receivable	114	71
Grants payable	(19)	(1)
Total	95	70

5.10 Impact of external events

The Global Fund funding model operates on a three-year Replenishment cycle that generates sources of funds to meet the implementation of grants and operating expenditure. These resources entrusted to it by its donors are under the auspices of the Comprehensive Funding Policy⁴ (CFP). The CFP sets the key financial framework and principles for the management and apportionment of resources provided by donors. One of the important principles is that forecasted Uses of Funds shall not exceed forecasted Sources of Funds on an aggregated portfolio basis over the Allocation Period.

The grants typically follow a three-year implementation cycle as described in Section 3. Operating expenditure is approved by the Board on an annual basis.

During 2025, the Global Fund has been closely monitoring the factors which may affect the encashment of material donor pledges that remain open under the Seventh Replenishment cycle. Any material deviation from the pledges announced by donors and encashment schedule stipulated in the contribution agreements may have a significant impact on the Global Fund's ability to continue grant disbursements. Accordingly, the Secretariat is rigorously assessing all available information about pledge conversion into contributions income and their encashment. Based on possible outcomes, the Global Fund is preparing a response plan to continue to deliver its mission.

The Global Fund has actively initiated several measures to safeguard its liquidity position and discharge its financial commitments. This involves a careful monitoring and oversight mechanism in line with the Comprehensive Funding Policy to ensure that its liabilities remain within the available sources of funds.

Based on the most recent assessment, the Global Fund concludes that there are no currently known material uncertainties that may cast significant doubt on its ability to continue as a going concern. Reaching that conclusion involved significant judgment and scenario analysis including severe but plausible downside scenarios.

4 https://www.theglobalfund.org/media/6021/core_comprehensivefunding_policy_en.pdf

Section 6: Operating activities

6.1 Operating expenses

Operating expenses are costs incurred by the Global Fund Secretariat for maintaining a sustainable administrative structure to deliver its mission. The Global Fund Board approves an annual budget for operating expenses. All expenses are monitored and reported on a periodic basis to the Board through its Audit and Finance Committee.

The following table summarizes the Global Fund's operating costs under the main categories of expenditure for the years ended 31 December:

	2024	2023
Workforce costs	261	245
External assurance	50	55
Professional fees	40	40
Others	59	60
Total Secretariat costs	410	400
Provident Fund valuation	(13)	(10)
Total	397	390

Total Secretariat costs include USD 6.0 million (2023: USD 4.2 million) for which donor contributions have been received to fund designated activities (note 4.1). These costs are towards designated private sector donor-funded projects, and, as such, these are not funded out of the Secretariat's regular operating expenses budget.

Workforce costs include the regular human resources costs and compensation for individual and agency consultants who are engaged for specific projects and/or as surge capacity associated with the delivery of the Global Fund's mission. This includes USD 243 million (2023: USD 228 million) in employee benefits expense in accordance with the applicable human resource requirements. A notional internal taxation amount of USD 32 million has been calculated on the reported staff costs (2023: USD 32 million). No Swiss tax is paid by the Global Fund, nor by the employees, on Global Fund employment income, in accordance with the Headquarters Agreement with the Swiss Federal Council. At 31 December 2024, there were 1,182 staff personnel (2023: 1,140) employed by the Global Fund.

The external assurance costs include Local Fund Agent fees representing service costs incurred by the Global Fund to assess the in-country capacity prior to and during grant negotiation in addition to monitoring implementation of funded programs as grants are disbursed to Principal Recipients.

Professional fees represent the engagement cost of external consultants, technical partners and professional firms in providing management and technical services as needed by the Global Fund.

Other operating expenses include operating costs for Secretariat travel, meetings, communications materials, depreciation of right of use asset and maintenance, depreciation, and disbursements for Country Coordinating Mechanisms (CCMs) and Board Constituencies.

6.2 Employee benefit liabilities

The Global Fund maintains a Provident Fund for the purposes of providing retirement, death and disability benefits to its employees and their qualifying dependents and beneficiaries. The Provident Fund is the same legal entity as the Global Fund. It is a segregated fund with an autonomous governance structure. Consequently, the assets in the Provident Fund are disclosed within non-current assets in the statement of financial position and do not qualify as pension plan assets under IAS 19.

The assets of the Provident Fund are received, invested and disbursed wholly and exclusively for the purposes of the Provident Fund and in accordance with the investment strategy established by the Provident Fund Management Board with the approval of the Audit and Finance Committee.

The Provident Fund provides retirement, death and disability benefits for the employees of the Global Fund and their qualifying dependents and beneficiaries. The cost of the plan is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates, employee rotation and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, estimates relating to pension and other post-employment benefits are highly sensitive to changes in these assumptions, all of which are reviewed at each reporting date as described below:

Actuarial valuation of defined benefit obligation

The measurement of net defined benefit liability requires the application of an actuarial valuation method, the attribution of benefits to periods of service, and the use of actuarial assumptions. Given the unfunded status of the Provident Fund as outlined above, the actuarial valuation does not include any plan assets.

The actuarial valuation of the defined benefit obligation for the Provident Fund scheme administered by the Global Fund is reported in the following table:

Change in benefit obligation	2024	2023
Benefit obligation at beginning of year	327	244
Current service cost	40	35
FX translation impact	(22)	25
Interest cost	4	6
Actuarial loss	20	36
Benefits paid from plan/company	(20)	(19)
Benefit obligation at end of year	349	327

Current service cost: The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

FX translation impact: The Global Fund employment costs and defined benefits obligations are administered in CHF and translated to USD for the reporting purposes in the financial statements. Translation costs represent the exchange rate difference arising on the re-measurement of the opening balance of defined benefit obligation administered in CHF in equivalent USD at the end of the current reporting period.

Components of actuarial loss/ (gain)	2024	2023
a. Effect of changes in demographic assumptions	-	1
b. Effect of changes in financial assumptions	21	37
c. Effect of experience adjustments	(1)	(2)
Total actuarial valuation recognized in other comprehensive income	20	36

Total defined benefit cost recognized in the statements of income and other comprehensive income	65	77
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Principal actuarial assumptions

Weighted-average assumptions to determine benefit obligations on 31 December

Discount rate	0.95	1.50
LPP interest rate	1.25	1.00

Weighted-average assumptions to determine pension expense for the year ended

Discount rate	1.50	2.30
LPP interest rate	1.25	1.00

Sensitivity analysis on defined benefit obligation

Discount rate -25 basis points	358	337
Assumption	0.70	1.25
Discount rate +25 basis points	340	318
Assumption	1.20	1.75

Mortality assumptions	BVG 2020 CMI 1.25%	BVG 2020 CMI 1.25%
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Other required disclosure amounts

Contributions expected to be paid to the plan during the annual period beginning after the reporting period	15	19
Average duration of the plan liabilities (in years)	11	13

6.3 Other current liabilities

	2024	2023
Provisions and accrued expenses for operating expenditure	62	50
Accounts payable for operating expenditure	12	9
Deferred contributions	23	8
Current lease liability	8	8
Total	105	75

Section 7: Other disclosures

7.1 Related party transactions

Related parties include the members of the Board, Board committees, key management personnel and their close family members.

An honorarium is paid to the independent members to the standing committees of the Board in accordance with the Honorarium Framework approved by the Global Fund Board (GF/B48/EDP01). Under this framework, the Chair and the Vice-Chair of the Board and the standing committees of the Board are also entitled to receive honoraria as per the Board's decision. All other transactions with the Board and its committees are made at terms equivalent to arm's length transactions and within the operational framework of the Secretariat. During 2024, an aggregate of USD 177,000 (2023: USD 205,760) was incurred to the eligible Board and Committee members as honoraria for their governance services performed during the year. There was no loan to or from related parties outstanding as at 31 December 2024 (2023: nil).

Compensation of key management personnel: Key management, in common with all personnel employed by the Global Fund, are remunerated according to the Global Fund salary scale. Remuneration consists of salary, allowances and employer contributions towards the Provident Fund and health insurance benefits. The remuneration of key management, comprising the Executive Director, members of the Management Executive Committee and the Inspector General, amounted to:

Remuneration category	2024	2023
Short-term benefits including salary and allowances	5.5	5.4
Long-term benefits including contributions to the Provident Fund	0.8	1.1
Total remuneration to key management personnel	6.3	6.5

During the reporting period the Secretariat incurred USD 39.6k (2023: USD 39.9k) towards reimbursement of expenses incurred by the Executive Director and Inspector General in line with the underlying expense claim policies established by the Secretariat.

7.2 Taxation

As an international organization with privileges and immunities, the Global Fund has received tax exemptions from Switzerland and the United States, as well as certain grant implementing countries. As at 31 December 2024, the Global Fund held legal form in 27 countries (2023: 23).

7.3 Unrestricted and temporarily restricted funds

All contributions received where the application of funds is limited by statutory restrictions, donor-imposed purpose or time restrictions, have been classified as temporarily restricted funds. All other funds are recognized as unrestricted funds.

About the Global Fund

The Global Fund is a worldwide partnership to defeat HIV, TB and malaria and ensure a healthier, safer, more equitable future for all. We raise and invest more than USD 5 billion a year to fight the deadliest infectious diseases, challenge the injustice that fuels them, and strengthen health systems and pandemic preparedness in more than 100 of the hardest hit countries. We unite world leaders, communities, civil society, health workers and the private sector to find solutions that have the most impact, and we take them to scale worldwide. Since 2002, the Global Fund partnership has saved 65 million lives.



The Global Fund/Vincent Becker

**The Global Fund to Fight
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