The Global Fund

The Global Fund
2020 Annual Financial Report

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MANAGEMENT REPORT

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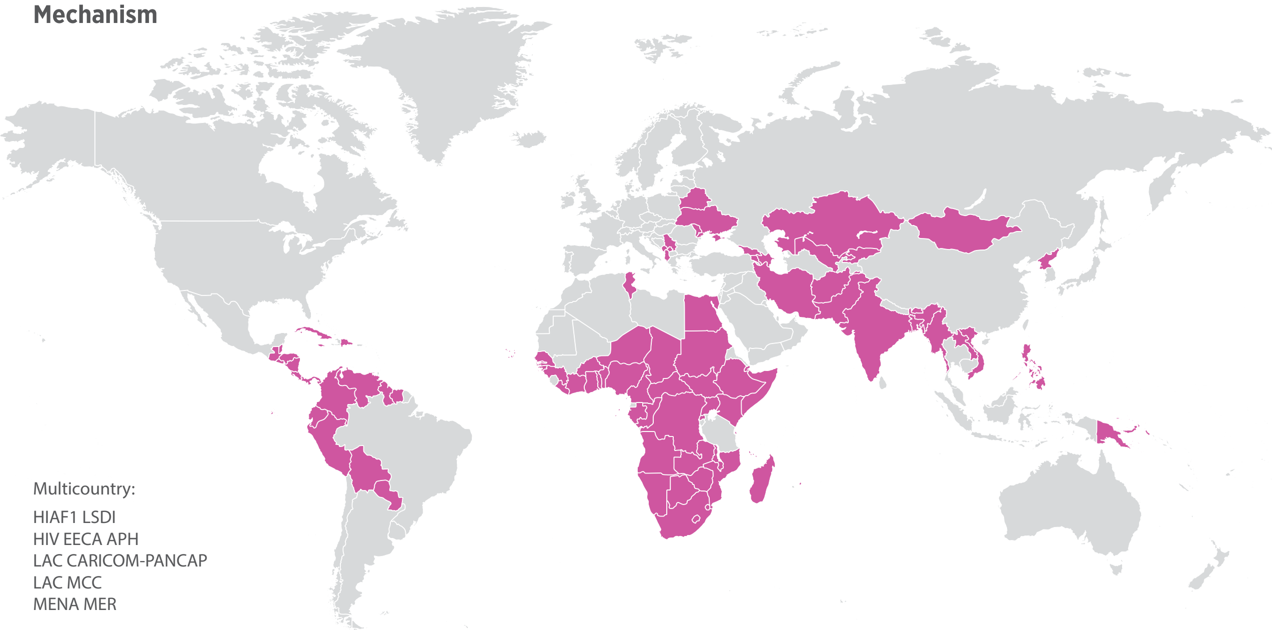
COVID-19 Response Mechanism



Multicountry:

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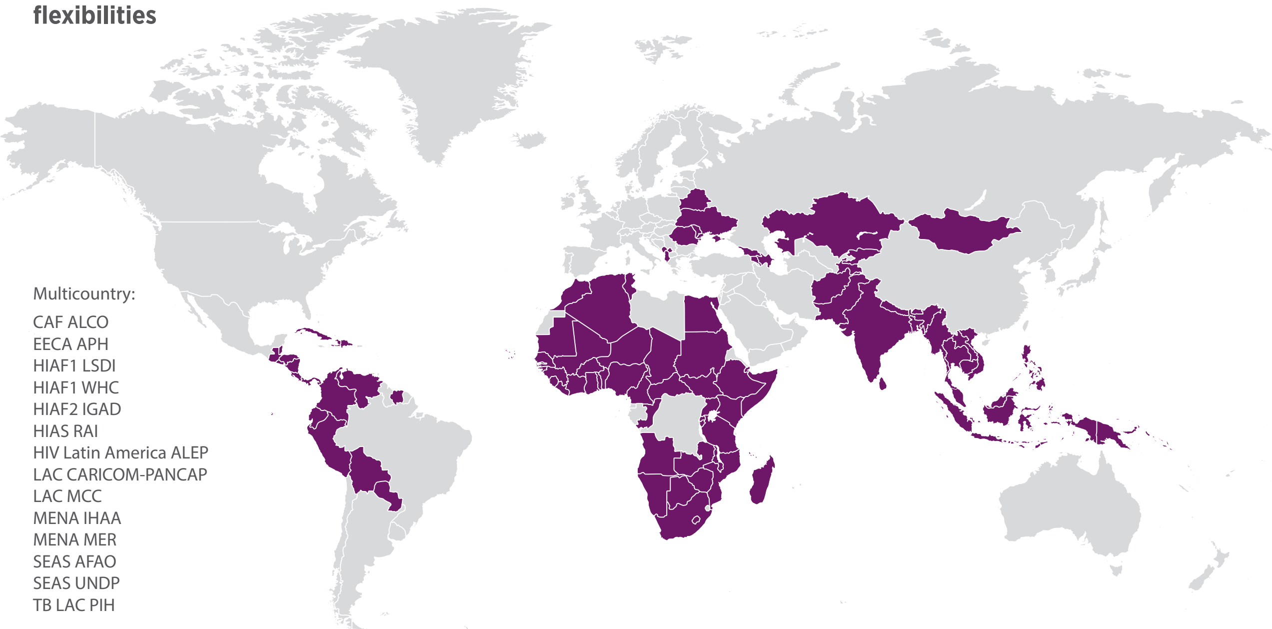
HIV EECA APH
LAC CARICOM-PANCAP
LAC MCC
MENA MER

Grant flexibilities



Multicountry:

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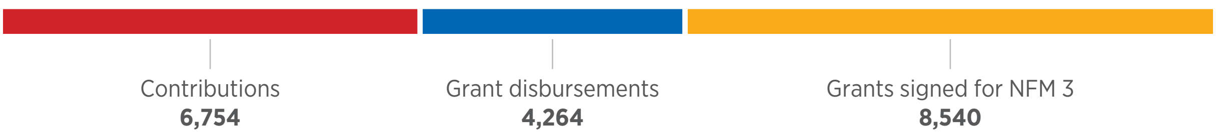


YEAR UNDER REVIEW

Like most organizations around the world, the Global Fund faced an unprecedented challenge in 2020 due to the COVID-19 pandemic. But we were able to turn that challenge into an opportunity, joining global efforts to respond to the pandemic while mitigating its impact on HIV, TB and malaria. At the same time, we also undertook the important responsibility of protecting our employees from the virus.

Overall, 2020 was an exceptional year in many ways. We created a quick, elaborate and transparent emergency response mechanism for COVID-19, and signed a record number of grants under the 2020-2022 allocation. We worked closely with our Principal Recipients and country partners to achieve a timely start of implementation of new grants despite the disruptions caused by COVID-19. The operational and financial performance review in the Management Discussion and Analysis provides a deeper overview on milestones achieved in 2020.

The audited financial statements confirm that our organization is in strong financial health. As of 31 December 2020, operating assets exceeded operating liabilities by US$6.5 billion. Despite the pandemic, key donors continued to sign their contribution agreements for the pledges made during the Sixth Replenishment conference in October 2019. As for grants, the Secretariat disbursed US$4.2 billion to respond to HIV, TB, malaria and COVID-19. The Secretariat is working closely with the Office of Inspector General, Risk Management Department and in-country assurance providers to mitigate the volatile and heightened risk landscape for in-country grant implementation.

For 2020, our operating expenditure was US$299 million at the budget rate, which is within the Board-approved limit. That expenditure included significant redeployment of travel and other savings to additional resources needed for TRP reviews to meet our grant-making targets. We also made additional reinvestments to strengthen the IT systems at the Secretariat and in 57 countries, where we run programs.

Finally, 2020 saw leadership changes in the Finance department. Adda Faye joined the department on an interim role in February and was subsequently appointed as Chief Financial Officer in July. A strong and stable leadership, the healthy financial results and a clean audit opinion by KPMG SA reflect the growing maturity of the organization and its robust financial management framework.

Adda Faye
Chief Financial Officer

Peter Sands
Executive Director

LETTER FROM THE CHAIR AND VICE-CHAIR OF THE BOARD

The 2020 Annual Financial Report provides the Global Fund's financial statements, reflecting an effective and efficient use of resources to support programs in more than 100 countries. In 2020, our investments sought to respond swiftly to the COVID-19 pandemic while protecting gains made and accelerating progress against HIV, TB and malaria.

2020 demonstrated how our continued investments in resilient and sustainable systems for health have supported countries to respond not just to HIV, TB and malaria but also to other emerging diseases, therefore advancing health security for all. The response to COVID-19 in many low- and middle-income countries has been anchored on infrastructure and capabilities that have been put in place to fight HIV, TB, and malaria. In 2020, we leveraged those investments and acted rapidly in support of health systems. The objective was to withstand the impact of COVID-19 even as we accelerated the fight against the three diseases.

Strong financial operations are essential for the Global Fund partnership to achieve our collective goals. It is the shared responsibility of all stakeholders in the Global Fund partnership to deliver value for money and to maximize the impact of every resource available. Our success in the fight against HIV, TB and malaria as public health threats across the world is a strong foundation for the fight against the current pandemic and future pandemics. To achieve these shared goals, we must all work together.

In our work as Chair and Vice-Chair of the Global Fund Board, we have relied on all Board members to oversee financial operations, with the guidance of the Board's Audit & Finance Committee. Together, we remain committed to sensible management of resources, as our financial responsibility.

We would like to thank Peter Sands, the Global Fund's Executive Director, and Adda Faye, Chief Financial Officer, for their decisiveness, agility, and excellent financial management in a very challenging year for all global health organizations. Additionally, this financial report shows the outstanding work of many colleagues at the Secretariat, together with members of the broader Global Fund partnership. We thank all of them for the admirable work.

Sincerely,

Dr. Donald Kaberuka
Chair of the Board

Lady Roslyn Morauta
Vice-Chair of the Board

OVERVIEW FINANCIAL RESULTS 2018-2020, CUMULATIVE BASIS

(in millions of USD)

Key Financial Results	**Ref** See below	**Management reporting** (unaudited)	**Annual Financial Statements**	**Variance**	**FX difference** (between spot vs reference rates)
Contribution receipts	1	12,604	12,633	(29)	(29)
Grant disbursements	2	10,881	10,874	7	7
Operating expenses	3	893	896	3	3
Strategic Initiatives	4	190	191	1	1
Financial income	5	283	283	-	n/a
Foreign exchange	6	136	136	-	n/a

Statement of activity (in millions of USD)	**Ref**	**2020**	**2019**	**2018**	**Total**
Contributions		6,754	3,916	2,108	12,778
Grant expenditure		(4,078)	(3,097)	(3,923)	(11,098)
Strategic Initiatives	4	(86)	(61)	(44)	(191)
Operating expenses	3	(307)	(292)	(297)	(896)
Provident Fund valuation as per Note 6.1		5	13	(4)	14
Foreign exchange result, net		144	(82)	74	136
Financial income, net	5	112	148	23	283
Discounting of long-term positions		74	80	(35)	119
Loss on actuarial valuation of defined benefit obligation towards employee benefits		(11)	(8)	(4)	N.A
Increase/ (Decrease) in funds		**2,607**	**617**	**(2,102)**	**N.A**

Statement of financial position (in millions of USD)					
Cash and cash equivalent, including Trust Fund assets		4,244	3,232	3,243	N.A
Contributions receivable		4,384	2,790	2,416	N.A
Other assets		336	305	292	N.A
Grants payable		2,054	2,163	2,563	N.A
Other liabilities		609	469	310	N.A
Funds		6,302	3,695	3,078	N.A

Statement of cash flows (in millions of USD)					
Cash receipts from donors	1	5,474	3,674	3,485	12,633
Grants disbursed		(4,264)	(3,562)	(3,173)	(10,999)
Grants disbursed to Principal Recipients & 3rd parties (incl in line above)	*2*	*(4,201)*	*(3,497)*	*(3,176)*	*(10,874)*
Cash paid for other operating activities		(286)	(281)	(272)	(839)
Cash on settlement of derivative financial instruments		(8)	33	86	111
Cash used for investing activities		(927)	172	(122)	N.A
Cash paid for lease liability		(7)	(7)	(5)	(19)
Increase/ (decrease) in operational cash position including cash at commercial banks and Trust Fund		**(18)**	**29**	**(1)**	**N.A**
FX (loss)/ gain on cash		7	(4)	(7)	N.A

Other key information					
Grant contingent liability (in millions of USD)		9,182	3,077	6,035	N.A
Net ALM FX results (in millions of USD)	6	31	82	36	
Number of active grants		328	338	363	N.A
Number of employees		866	772	759	N.A

ORGANIZATIONAL BACKGROUND

1. VISION, MISSION AND STRATEGY

The Global Fund is a 21st-century partnership organization designed to accelerate the end of HIV, tuberculosis 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 4 billion a year to support programs run by local experts in more than 100 countries. By challenging barriers and embracing innovative approaches, we are working together to better serve people affected by the diseases.

The Global Fund Strategy 2017-2022: Investing to End Epidemics

The core objectives of the Global Fund 2017-2022 Strategy (GF/B35/DP04) are to:

- Maximize impact against HIV, tuberculosis (TB) and malaria
- Build resilient and sustainable systems for health
- Promote and protect human rights and gender equality
- Mobilize increased resources

Successfully implementing the strategy depends on two additional and fundamental elements:

- Innovating and differentiating along the development continuum,
- Supporting mutually accountable partnerships.

The Global Fund Strategy 2017-2022, Investing to End Epidemics, was developed under the leadership of the Board of the Global Fund, with contributions from numerous partners and stakeholders who share common goals in global health. Effective 2017, the Secretariat works to implement the Strategy and reports progress against KPIs and performance to the Strategy Committee, Audit and Finance Committee and Board on a semi-annual basis and holds deep dive sessions on specific topics at Strategy Committee meetings.

2. 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, as a tax-exempt organization in the United States of America, under Section 501 (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; and
- 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.

3. 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 all 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, and communities living with and affected by the three diseases.

The Board's three standing committees are:

- the Audit and Finance Committee (AFC);
- the Ethics and Governance Committee (EGC); and
- 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/B38/DP05 on 14 November 2017). 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.

4. 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, 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),** designated by the CCM, 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)** 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.

I. 2020 OPERATIONAL REVIEW

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 discuss funding for the succeeding 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.

Converting Sixth Replenishment Pledges into contributions

In 2019, the Global Fund achieved its goal of securing at least USD 14 billion in donor pledges for the Sixth Replenishment (2020-22) period during the Pledging Conference. This amount represents an increase of 15 percent compared to the amount pledged during the 2017-19 period.

In 2020, the first year of the Sixth Replenishment period, the Secretariat focused on the conversion of pledges from the Sixth Replenishment, through the signature of contribution agreements with donors. Those signatures, together with the signature of final contribution agreements under the Fifth Replenishment cycle, drove recognition of a record USD 6,754 million as contribution income in 2020.

Despite the COVID-19 pandemic, the conversion of pledges into contributions is on track. A total of USD 3.8 billion has been received in cash under the Sixth Replenishment period. The Global Fund is extremely appreciative of the continued support of donors for its core funding, as sustaining funding levels for the fight against HIV, TB and malaria is vital at a moment when disruptions related to the COVID-19 pandemic threaten to reverse many years of progress.

The effective management of donor and stakeholder relationships continues to be prioritized. Senior management closely monitors the changes in the donor landscape and risks related to future funding.

Resource mobilization efforts under ACT-A and C19RM

The Global Fund is a founding partner of the Access to COVID-19 Tools (ACT) Accelerator, a global collaboration of leading public health agencies and governments working to accelerate the development, production and equitable access to new COVID-19 tests, treatments and vaccines once available. As part of the ACT-Accelerator, we are a co-convener of both the Diagnostics Partnership (with FIND) and the Health Systems Connector (with the World Bank). The Global Fund is procurement and deployment partner in the Therapeutics Partnership. Along with other partners, the Global Fund is actively involved in the WHO Diagnostics Consortium to monitor the supply and demand of molecular and rapid diagnostics tests for COVID-19 and implement the WHO allocation for scarcely available COVID-19 products.

Due to the COVID-19 epidemic, the Secretariat's resource mobilization efforts have also focused on raising additional resources further to Board authorization to support the rapid response mechanism to COVID-19 created as at 9 April 2020. The Global Fund has estimated that it needs a further USD 5 billion on top of its core funding to support countries in responding to the pandemic. This figure represents part of the overall financing needs of the Access to COVID-19 Tools Accelerator (ACT-Accelerator), the global collaborative partnership in which the Global Fund plays a leading role.

Additional pledges amounting to USD 259 million, when measured at the reference rate of the Sixth Replenishment, have been raised from donors in 2020 under the Global Fund's COVID-19 Response Mechanism.

Converting Fifth Replenishment Pledges into contributions

As at 31 December 2020, the total value of pledges converted into contributions under the Fifth Replenishment cycle (2017-2019) amounted to USD 11.4 billion, corresponding to 100% of expected contributions under the cycle.

2. THE FUNDING MODEL

Update on 2014-2016 at allocation rate

Through the established grant closure process for the Fourth Replenishment, USD 479.0 million of closing cash balances have been identified of which USD 358.7 million is used as the opening balance of the Fifth Replenishment grants and USD 120.3 million directly refunded to the Secretariat.

Update on 2017-2019 at allocation rate

With 70% of Fifth Replenishment grants ending in December 2020, as of June 2020, in-country expenditure for all grants represents USD 6.6 billion in-country expenditure incurred by the Principal Recipients against a cumulative grant budget of USD 8.7 billion. This reflects an in-country absorption ratio of 75% under the 2017-2019 allocation period. Through Portfolio Optimization and the COVID-19 Response Mechanism ("C19RM"), reprogramming and acceleration in implementation of programmatic activities has been achieved for 2020. This is expected to have been translated into in-country expenditure by the Principal Recipients during the second half of 2020. The organizational target for in-country absorption under the 2017-2019 allocation period has been maintained at 85% with +/- 4-5% volatility depending on COVID-19's impact on program implementation compared to the strategic KPI of 75%.

Update on 2020-2022 at allocation rate

The Global Fund has a total of USD 12.71 billion available in funding allocations for the 2020-2022 allocation period. Of these funds, the Global Fund had planned for USD 8.9 billion in grants to be approved in 2020, with the remaining funds scheduled for later start dates. However, the Secretariat accelerated its grant-making efforts and exceeded the original target, approving USD 9.2 billion of funding in 2020. As of 31 December 2020, USD 8.54 billion of the approved grants had been signed and began implementation in January 2021; two countries were still in the process of signing the remaining finalized grants worth USD 660 million.

Impact of COVID-19 pandemic

The COVID-19 pandemic continues to have a devastating impact on public health, societies, and economies around the world. Countries are now confronting second and third waves of COVID-19 infections, fuelled by the emergence of new, more transmissible variants, which also threaten to reduce treatment and vaccine efficacy. Meanwhile the knock-on consequences of COVID-19 continue to escalate. In many countries the response to COVID-19 is resulting in human and financial resources being diverted from HIV, TB, and malaria.

Countries are using the funds awarded as part of the Global Fund's COVID-19 for 3 major objectives:

1. Reinforce national COVID-19 responses, including purchasing critical tests, treatments and medical supplies; protecting frontline health workers with training and PPE like gloves and masks; and supporting control and containment interventions, including test, trace and treat/isolate;

2. Mitigate COVID-19 impact on lifesaving HIV, TB and malaria programs, including by delivering medicines, mosquito nets and critical supplies door to door, protecting community health workers and providing support and prevention services via digital platforms;

3. Make urgent improvements to health and community systems to help fight COVID-19, HIV, TB and malaria, including by reinforcing supply chains, laboratory networks and community-led response systems.

In response to this crisis, the Global Fund has taken swift action to reinforce countries' responses to COVID-19 and to support the global COVID-19 response. The Global Fund moved quickly to introduce grant flexibilities in early March 2020 to meet immediate COVID-19 response demands, followed closely by the establishment of the COVID-19 Response Mechanism (C19RM) in April 2020. Throughout 2020, the Global Fund played a critical role as one of the fastest and most flexible providers of support to countries for the purchase and deployment of COVID-19 diagnostics and treatments, for interventions to protect and reinforce health and community systems, including through the provision of Personal Protective Equipment ("PPE"), and for adaptations to HTM programs. These investments have mitigated the impact of COVID-19 on the Global Fund programs.

As of 28 January 2021, the Global Fund has approved a total of USD 980 to support countries' COVID-19 responses through these two mechanisms as outlined in the following diagram:

FIGURE 1:
Overview of COVID-19 Response Funding

USD 221 million	**USD 759 million**
Grant flexibilities	***COVID-19 Response Mechanism ("C19RM")***
Use of funds remains mostly from grant savings, focused mainly on infection control, diagnostics activities & products, and lab equipment; reprogramming requests approved.	▶ Funding request received: 105 and top-up 55 requests ▶ Funding request funded: 93 and 46 top-up requests ▶ Funding remaining: $0 Demand for funding has exceeded available funds. Countries continue to submit for further funding
How are the countries using grant flexibilities? ▶ 59% : objective 1 ▶ 32% : objective 2 ▶ 9% : objective 3	*How are the countries using C19RM funding?* ▶ 55% : objective 1 ▶ 34% : objective 2 ▶ 11% : objective 3

Overview on COVID-19 procurement activities

Protecting Front-line Health Workers: The Global Fund is providing funding to countries to purchase personal protective equipment such as masks, gloves and gowns. Countries can purchase equipment locally or can place orders for price-assured quality health products through our Pooled Procurement Mechanism, including via the wambo.org online procurement platform. USD 276 million of COVID-19 Response Mechanism funds have been allocated for the provision of PPEs. This is enough to purchase more than 100 million daily PPE kits for front-line health workers. 49 countries have purchased PPEs on wambo.org.

Diagnostics: The Global Fund is supporting countries and partners to develop and implement national testing strategies using a combination of PCR and Ag RDT tests. In addition, the Global Fund has leveraged its laboratory infrastructure initially designed for tuberculosis diagnosis and HIV viral load testing to immediately respond to COVID-19. The scaling up of an installed base of over 10,000 Cepheid's GeneXpert molecular diagnostic devices in laboratories across low- and middle-income countries, and the technicians trained to operate them, has enabled these countries to massively expand their COVID-19 testing capacities since the beginning of the pandemic.

- USD182 million of COVID-19 Response Mechanism funds have been allocated for the provision of diagnostics tests.
- To date, 14.1 million requisitions for diagnostics tests (PCR and Ag RDT) have been placed across a total of 78 countries, including:
    - Requisitions for 2.9 million automated PCR diagnostic tests across 78 countries
    - Requisitions for 10.8 million Ag RDT tests across 25 countries
    - Requisitions for 400,000 manual PCR diagnostic tests

All COVID-19 approved funding has been added to the existing grants with the Principal Recipients in order 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 has been created in the grant expenditure reports to be submitted Principle Recipients. The first point of reporting will be in June 2021. Accordingly, it is not possible for the Secretariat to differentiate grant commitments and disbursements made for COVID-19 activities from the regular grant funding.

3. OPERATIONAL INSIGHTS ON GRANTS

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 the Swiss law.

For 2020, the external auditors selected grant programmes in the Republic of Uganda and the Republic of the Philippines for enhanced review. The selection criteria was included country risk profiles based on the Integrated Risk Module (IRM), OIG audit engagement pipeline for 2019-2021 and integration of COVID-19 response funding. A careful consideration was also given to in-country operational disruption amidst COVID-19 and the principle focus of the country teams in grant making for 2020-2022 allocation cycle. The external auditor did not identify any significant control deficiencies in the selected portfolios.

The Secretariat provides an overview of the two countries in the following paragraphs:

THE REPUBLIC OF THE PHILIPPINES

The World Bank categorized the Philippines as a low middle-income country with annual increase of gross domestic product at an average of 6 % between 2010 and 2019. The population is estimated to be over 108 million in 2019 and has been growing at a rate of about 1.2 % annually. As a major partner, the Global Fund has disbursed USD 507 million in grant funds as of February 2021 to support the HIV/AIDS, Tuberculosis and Malaria programs and health system strengthening.

The Global Fund / John Rae

Tuberculosis

The Philippines ranks as one of the high TB burden countries. While there have been improvements over the years, significant efforts and investments are still needed to eliminate TB in the Philippines. Latest estimates from the World Health Organization (WHO) indicate that in 2019 the country had an estimated 599,000 new TB cases or an incidence rate of 554 per 100,000 and TB mortality rate of 25 per 100,000 population. Based on the TB prevalence survey conducted in 2016, the TB burden is almost three times higher among males compared to females- prevalence was measured at 1,713/100,000 population for males versus 627/100, 000 population in females). The MDR/RR-TB burden is also high. In 2019, MDR/RR-TB incidence was projected at 21,000 or rate of 19/100,000.

In 2019, 409,167 TB cases were notified translating into a treatment coverage (computed as notified cases/ estimated incidence) of 68%. During the same period, notification and enrolment among MDR/RR-TB patients was 7492 and 6169 respectively. The Global Fund grants have been supporting the national TB program to achieve such targets.

HIV/AIDS

The Philippines has become the fastest growing HIV epidemic in the world with new HIV infections increasing more than 200% from 5,100 in 2010 to 16,000 in 2019. UNAIDS projects that the country currently has an estimated 97,000 People living with HIV (PLHIV) and a prevalence rate of 0.2%. The country has largely a concentrated epidemic among key populations including males who have sex with males (MSM), transgender women (TGW), people who inject drugs (PWIDs). The infection among the young key population (YKP) is particularly worrying.

The predominant mode of transmission shifted from heterosexual sexual contact to sexual contact among MSM in 2007. Despite risky behaviours, preventive behaviours remain low. Only 32% had comprehensive knowledge on HIV prevention and transmission, 38% used condom during last anal sex, and only 29% got tested in the past 12 months and know their HIV status. Also, awareness of PrEP remains low at 8%.

The Global Fund investment in the Philippines focuses on improving HIV prevention and testing among the above-mentioned key populations who are particularly affected by the disease. Within the limited resources, Global Fund grant's innovative approach has made significant contribution to achieving the first 90 target, with 72% of estimated PLHIV in 2019 diagnosed. This achievement was largely due to better targeting of sites and roll-out of community-based models such as One-Stop Shops. In addition to supporting outreach and testing among the key population in these sites, the grant also supported interventions to address the key human rights barriers to access to HIV/AIDS services. In 2019, as a result of Global Fund's investment 142 thousand HIV tests were conducted, and 160 thousand Key Populations were reached with prevention services.

Based on UNAIDS data for 2019, coverage for prevention services among MSM and TGs was only 15% and 37%. Coverage among PWID is very low and further complicated by government crackdown with "war on drugs".

To address the human rights barriers, the Global Fund grant for HIV has included USD 1 million of matching fund to support activities to tackle stigma and discriminations, legal assistance, training of law enforcement and advocacy for human rights.

Moving Forward Towards A Malaria-Free Philippines

Over the last 20 years, the Philippines has recorded significant progress in shrinking the malaria map. Since Global Fund started supporting the Malaria program in 2003, there was a 90% reduction of cases over the period, with 4,855 cases reported by end of 2018 compared to the 2003 baseline figure of more than 48,000 cases. In 2019, 50 of the 81 provinces were declared malaria free, and a further 29 provinces recorded no indigenous cases in 2019. Currently, malaria is concentrated in Palawan, with the province accounting for 99.8%[1] of the total indigenous cases recorded in the country.

Plasmodium falciparum remains the dominant species overall, increasing from 79.74% (2016) to 88.79% (2019). Malaria disproportionately affects indigenous who accounted for 89% percent of cases in 2019.

With coverage of LLINs reported to be 63%, there is scope for improvement. The current grant has reoriented the distribution strategy for LLINs making it appropriate to the nomadic lifestyle of the most at risk groups namely indigenous populations.

In 2019 as a result of Global Fund's investments, 596 thousand LLINs were distributed and more than 5300 malaria cases were treated.

Overview on COVID-19 response

In the Philippines, the Global Fund made available USD13.2 million in grant flexibilities for in-country emergency response to COVID-19 pandemic. Such funding through savings and reprogramming was mobilized towards procurement and distribution of Personal Protective Equipment (PPEs) such as face/ surgical masks for health workers and procure PCR extraction kits and lab consumables for COVID diagnosis Additionally the COVID flexibility funding also supported TB laboratory capacity, ARV distribution as well as the hazard pay for the health workers and volunteers who continued working during the pandemic in mitigating the risk for 3 disease programs, with accordance with the national policy.

Furthermore, USD 1.5 million was made available in June 2020 through C19RM funding to strengthen the country's response to the COVID pandemic. Of the total C19RM requested amount, USD 1.3 million was towards the procurement and distribution of additional PPEs. These were allocated to health care workers at facilities which provide HIV, TB and Malaria services across the country as well as vulnerable populations. A significant portion of the funding of PPEs were provided to support high risk settings like prisons and jails. The remaining funding supports the optimized ARV and HIV commodities delivery and distribution to prevent stock outs during COVID quarantine period.

[1] Midterm Review of the National Strategic Plan for the Strategic Control and Elimination of Malaria in the Philippines, 2017-2022 report.

REPUBLIC OF UGANDA

Uganda hosts a population of 45 million[2] - one of the youngest and most rapidly growing populations in the world (46% of population under 15 years old). The high (albeit reducing) fertility rate (5.0[3]) and population growth rate (3.1%) indicate the country will continue to experience high child and adolescent dependency ratios.

The Uganda's Health Sector Development Plan (HSDP II) details the health sector commitments and priorities for the next 5 years from FY 2020/21 to FY 2024/25. The HSDP II is linked and serves as part of the overall National Development Plan (NDP III) with a focus on achieving/adhering to the UHC/SDGs. Uganda's updated HSDP (2020-2025) aims at accelerating the use of technology in strengthening health systems extended from central level to also cover the district levels including for information systems to improve service delivery. Through collaboration with key departments in the Ministry of Health, the Division of Health Information is developing a digital health and health information strategy (2020-2025) which will provide guidance and strategies for operationalizing and addressing health information needs in the HSDP II.

HIV/AIDS

Uganda has demonstrated significant progress in HIV/AIDS response including the significant reduction of AIDS-related deaths since 2010 by 58%, from 56,000 to 23,000 deaths. Uganda is among five countries in east and southern Africa region to achieve a decline in AIDS-related deaths of greater than 50% between 2010-2019 (UNAIDS). The number of new HIV infections has also decreased (by 43%), from 92,000 to 53,000 in the same period. Uganda is considered the third highest reduction in new infections in the east and southern Africa region. Uganda is well on-track achieving the UNAIDS 95-95-95 targets, with 89% of the estimated 1,385,653 PLHIV have been identified, 89% on ART and 70% virally suppressed (District Health Information System 2, March 2020). Up to 93% of pregnant women living with HIV accessed antiretroviral medicine to prevent transmission of the virus to their baby, preventing 17,000 new HIV infections among newborns. Meanwhile, early infant diagnosis (EID) - % of HIV-exposed infants tested for HIV before eight weeks of age—stood at 45% in 2018.

According to Uganda- Population-based HIV Impact Assessment (2016), approximately 73,000 new cases of HIV occur during the year among adults. The survey also highlighted that approximately 110,376 HIV positive pregnant women identified and 95% of HIV positive women who gave birth in the 12-month preceding the same survey used ART during pregnancy for the Prevention of Mother-to-Child Transmission of HIV (PMTCT). The Ministry of Health, supported by the Global Fund and other partners, has been successfully scaling up its PMTCT services to include almost all health facilities in their antenatal clinics and maternity institutions across the country (Global Fund Thematic Review PMTCT and EID).

Tuberculosis

Uganda is one of the 30 high TB/HIV burden countries and one of the 20 countries that cumulatively contribute 83% global incidence[4]. The TB epidemic in the country is characterized by gender (male: female prevalence ratio of 4:1) and residence (urban: rural prevalence 2:1), geographical disparities and existence of hot spots. The Global Fund supported the TB Prevalence Survey (2015/16) which highlighted 46% undetected/missing TB cases, with important findings related to health seeking behaviour and the health system capacity in identifying and linking TB cases to treatment. Only 61% of individuals with TB symptoms sought health care.

WHO Global TB report highlights a TB incidence of 200 cases per 100,000 population in 2018, resulting in an estimated 86,000 new TB infections in Uganda with 40% of them among people living with HIV. The report underscores progress regarding TB treatment

[2] UNFPA Population Dashboard 2020.
[3] World Bank 2018.
[4] WHO 2018.

coverage (notified/estimated incidence), up to 65% in 2018 compared to 54% in 2015. TB grant utilization rate has been optimum throughout NFM2 implementation period. The National TB and Leprosy Program (NTLP) in collaboration with partners applied a data-driven and people-centered approach in the prioritization in the National Strategic Plan and recommendations of a comprehensive TB Program Review in 2019. Implementation of the TB program/grant continues to improve significantly particularly with focus on finding TB cases and improved treatment success rate.

Malaria

Uganda has made robust progress in reducing malaria prevalence over the past years from 42% in 2009 to 19% in 2014/15 and then 9% in 2018 (Uganda Malaria Indicator Survey 2018/19). Results/Impact: 41% reduction in estimated malaria cases between 2010 and 2017; and 47% reduction in estimated malaria deaths between 2010 and 2017. Coverage: 89% of suspected malaria cases received parasitological testing; 79% population with access to ITNs within their households (MIS 2015); and 69% of population slept under an ITN the previous night. However, the context remains vulnerable to malaria resurgence and upsurge in many parts of Uganda: Northern districts faced malaria rebound in 2015/16 after Indoor Residual Spraying implementation has been shifted from 10 Northern districts to other high prevalence and priority districts that time. In 2019, Uganda experienced an upsurge of malaria cases mainly due to the prolonged rainy season as well as aging LLINs distributed in 2017/18 campaign. Meanwhile, the program continues its strong control efforts particularly in case management of malaria at health facilities as well as at community levels that significantly contributed in containing malaria upsurge in 2019, with securing diagnostic and treatment commodities supported by the Government of Uganda, the Global Fund grants and other Partners.

As part of the WHO High Burden to High Impact country-led response, Uganda has been progressing significantly by commitment from the highest level of leadership as well as progressive ownership of the malaria control at district and community level – Mass Action Against Malaria (MAAM) approach. The leadership of National Malaria Control Division (NMCD) fosters closer and coordinated response by different partners and in-country stakeholders.

Overview on COVID-19 response

In Uganda, the swift and significant support of USD 51.9 million through C19RM approved funding contributed to the national response to the COVID-19 pandemic including direct COVID-19 interventions, safeguarding the ongoing operations and service delivery – HIV, TB and Malaria as well as strengthening health and community systems. In addition to timely procurement of COVID-19 diagnostics and Personal Protective Equipment, the C19RM funding contributed to the strengthening and improvement of the functionality of laboratory systems as well as strengthening cross-border surveillance and collaboration. Complementing bio-medical interventions by the Ministry of Health, the CSO PR – TASO has been implementing community interventions including community service provision of ART (differentiated service delivery), support to Key Populations (KPs) and other community members impacted during COVID-19.

4. INFORMATION TECHNOLOGY: SCALE-UP DURING COVID-19 EMERGENCY RESPONSE

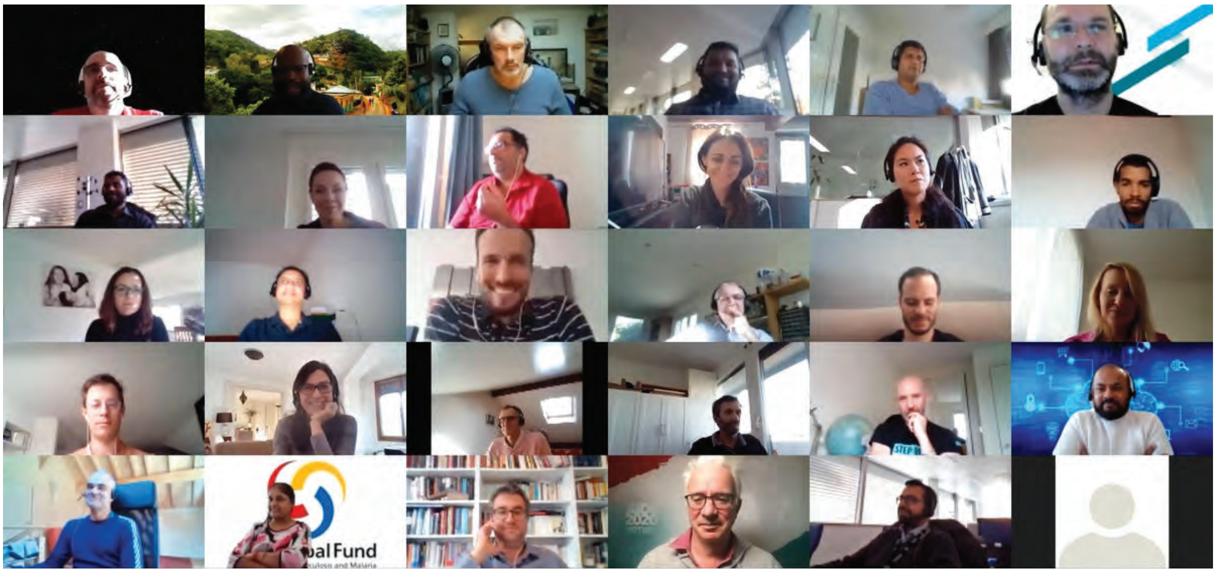
In supporting Global Fund operations during the pandemic, the IT department established three COVID-19 priority focus areas:

(1) ensuring our critical business functions continue to reliably work;

(2) making sure that GF staff can access all of our systems and applications virtually in a secured environment; and

(3) supporting our partners in-country for remote collaboration.

To ensure the continuity of critical business functions, our focus since the outbreak has been to make sure that everyone can connect remotely to our key internal digital platforms such as Office 365, Oracle, Kyriba, Salesforce, Workday, ServiceNow, Tableau, Coupa, BlueJeans, Zoom and MS Teams, and the external website. In addition to the focus on availability, enhancing the security of key platforms has also been prioritized. Specific COVID-19 module interventions to facilitate grant revision and grant making on GOS have also been



delivered. COVID-19 related enhancements and new functionality work has been completed on Wambo for Accelerated Order Management and the onboarding of WHO & UNICEF for PPE & diagnostics procurement.

Additionally, as much of the department's work including IT support is outsourced, IT has worked with Supply Operations to ensure that key vendors are aware of key risks posed by COVID-19 to their delivery or service support. IT has checked that third-party vendors' business continuity and disaster recovery plans meet Global Fund requirements. IT has also partnered with vendors to identify digital communications tools for rapid deployment and to scale or flex to accommodate necessary changes and meet business demands.

In line with other parts of the organization, an IT Business Contingency Plan was put into place to ensure continuity of essential IT operations and availability of critical systems through COVID-19 disruptions. The plan takes a risk-based approach to address the Global Fund's immediate business contingency requirements.

In line with the IT Strategy, critical IT operations were mapped to key vendors in order to ensure that IT has adequate oversight and can maintain a minimum level of business continuity during the COVID-19 crisis. Likewise, activities were prioritized to ensure continued delivery of impact from the current grant cycle, develop grants to deliver maximum impact in the 2020-2022 allocation period and continue delivery of the organization's COVID-19 response.

A focus on cyber security has been crucial to ensure the continuity of our critical business functions. Cyber-attacks increased by 400% at the Global Fund during the pandemic period. With the outsourced IT model, there is also a duty to ensure vendor security throughout the supply chain as well as privacy. In order to respond to the significant increase in threats, IT focused on increased controls to enhance security and remediate vulnerabilities. IT supported improved security mechanisms to monitor threats and keep systems up to date. Online training was rolled out across the Global Fund for overall awareness of phishing and business email compromise to enhance users' awareness. Partnering closely with Grant Management and Finance, a PR Phishing training was also set up on iLearn for external users and rolled out to PRs, SRs and CCMs.

Support to in-country partners was not limited to security. In order to support Grant Management in delivering on their objectives, IT has worked with vendors to enhance communication with Principal and Sub Recipients, Country Co-ordinating Mechanisms and Civil Society Organizations. This has been delivered through a roll out of MS Teams and Blue Jeans video conferencing capabilities. Global Fund IT has deployed over 700+ licenses to about 60 countries, as well as supported end users with 4G routers and data cards.

The exceptional contribution of the IT department to the Global Fund mission has been particularly recognized by the management during the pandemic. As a result, IT has been awarded in 2020 with an internal organizational award in recognition of an outstanding achievement in performance and exemplary behaviour by the Global Fund IT team.

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II. 2020 FINANCIAL PERFORMANCE

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 is constituted of 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.

II.1 USES OF FUNDS

1.1 Grant Liabilities

Key financial highlights for grant activities during 2020 are outlined below:

- When measured at the respective allocation rates, 2020 grant expenses of USD 4,038 million (2019: USD 3,117 million) are 30% higher than the grant expenses made during 2019 This is reflective of in the acceleration of program implementation in 2020 and to the starting implementation of the 2020-2022 grant cycle representing a total amount of USD 1,156 million.

- When measured at the respective allocation rates, actual grant disbursements during 2020 for the grant portfolio amounted to USD 4,191 million, of which USD 4,084 million for previous cycles and USD 107 million for 2020-2022 cycle.

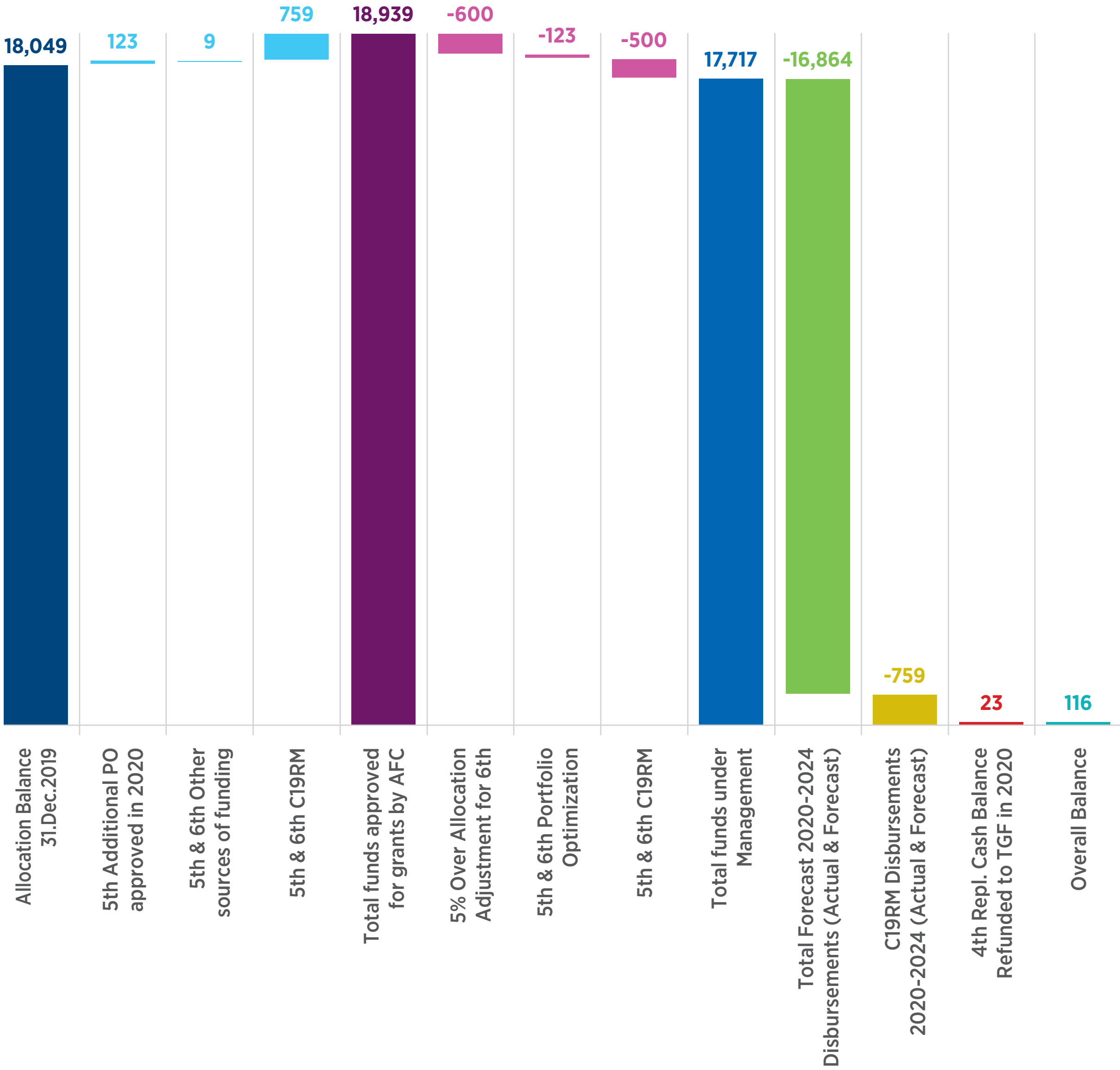
- In 2020, in response to COVID-19 the Global Fund has awarded an additional USD 980 million of which USD 759 million of C19RM and USD 221 million of grant flexibilities to 106 low- and middle-income countries and 15 multicountry programs. USD 259 million of C19RM is from additional funds received from donors, and the remaining C19RM and grant flexibilities are from redeployment of internal funds.

At spot rate, USD 4,264 million was reported as grant disbursements on the audited statement of cash flows. For the financial years 2018-2020, USD 10,874 million have been disbursed to Principal Recipients and their third parties. When measured at respective allocation rate, USD 10,881 million was reported as grant disbursements thereby yielding a foreign exchange gain of USD 7 million.

The following figure provides the status of uses of funds as at 31 December 2020.

FIGURE 2:
Status of uses of funds as at 31 December 2020

Amounts in millions of USD at respective allocation FX



The consolidated funds under management as of 31 December 2020 is USD 17.72 billion of which USD 17.62 billion is forecasted to be disbursed by the end of the 6th replenishment cycle, integrating USD 759 million of C19RM, leaving an overall balance of USD 116 million which will be integrated in the ALM.

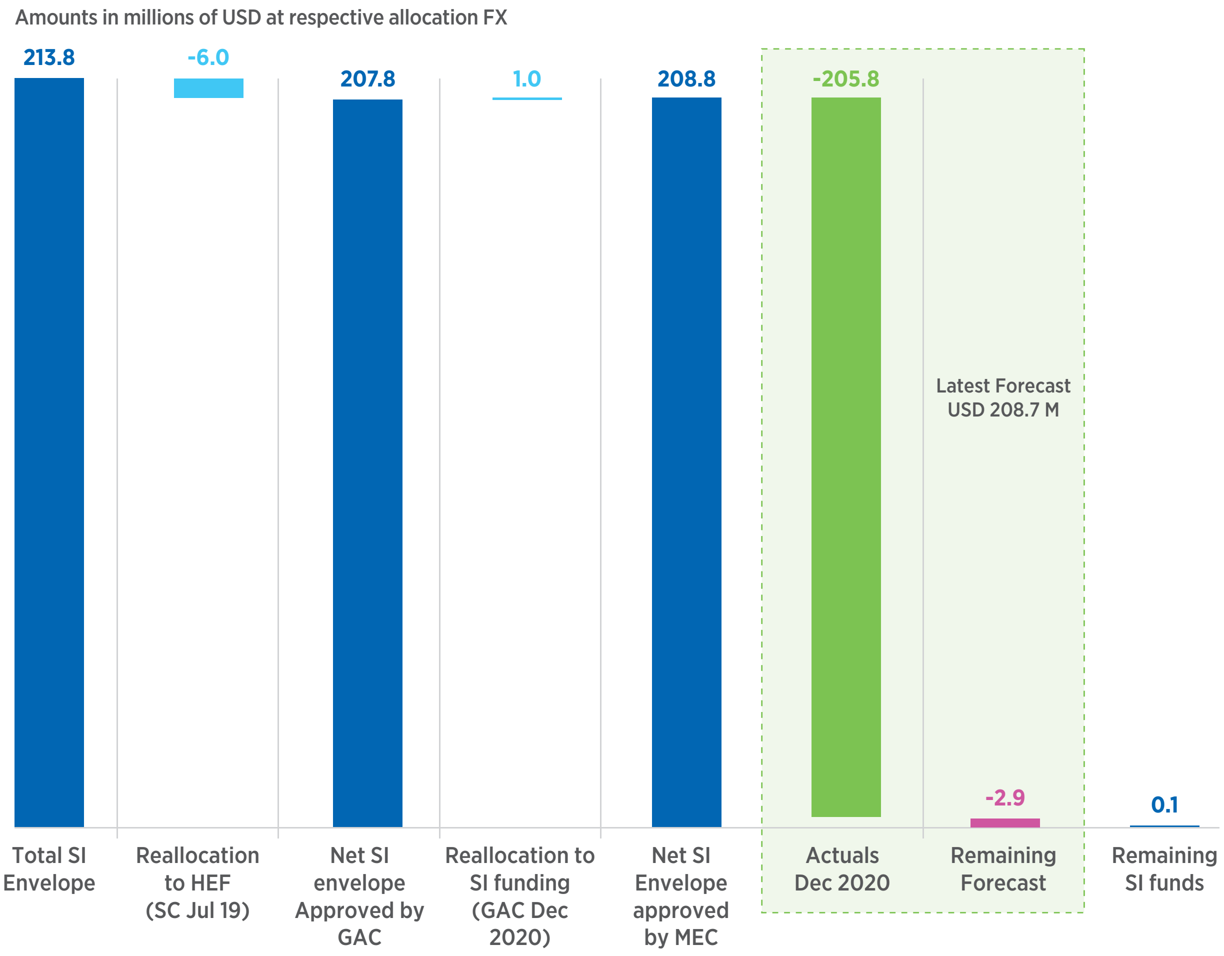
1.2 Strategic Initiatives

The cumulative fund utilization for Strategic Initiatives ("SI") at 31 December 2020 for the 2017-19 allocation period reached USD 206 million of which USD 84 million utilized in 2020. The acceleration of utilization in 2020 has been achieved through the SI Boost 2020 initiative of the Secretariat. This excludes the Emergency Fund which is integrated with the underlying grants but integrates the joint initiative with UNITAID on funding new generation LLINs. Following an initial transfer of USD 6 million of SI funding to the Emergency Fund approved by the Strategy Committee in July 2019, an additional repurposing of USD 1 million from Matching Funds to SI funding has been approved by GAC in December 2019, thereby raising the total available envelope for SI funding to USD 209 million. The entire envelope has now been approved through budget review by GAC. Thus, fund utilization reached 99%.

The cumulative fund utilization for SI at 31 December 2020 for 2020-22 allocation period reached USD 2 million.

The following figure provides an overview on the status of Strategic Initiatives at 31 December 2020:

FIGURE 3:
Status of strategic initiatives as at 31 December 2020



1.3 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 2017-2022 Strategy. Foreign exchange impact on operating costs is managed centrally as part of treasury management.

Performance against the budget

During 2020, the Global Fund incurred USD 307 million at spot rate for its operating costs (2019: USD 292 million). When measured at the 2020 budget rate it resulted in USD 299 million of operating expenses at budget rate (2019: USD 296 million) thereby yielding a foreign exchange loss of USD 8 million (2019: USD 4 million), which are integrated into the ALM. The following table provides an overview of 2020 operating expenses against the approved budget:

	Actual	Budget	Variances	
Amounts in thousands of USD at budget rate	**December 2020 YTD**	**December 2020 YTD**	**2020 Actuals vs Budget**	
	kUSD	**kUSD**	**kUSD**	**%**
LFA costs	**48,396**	**48,300**	**96**	**0%**
CCM costs	**8,225**	**9,500**	**(1,275)**	**(13%)**
Costs Secretariat and OIG	**229,949**	**243,153**	**(13,204)**	**(5%)**
Staff	150,516	158,812	(8,296)	(5%)
Professional fees	43,997	33,028	10,969	33%
Travel	3,114	16,866	(13,752)	(82%)
Meetings	662	3,677	(3,015)	(82%)
Communications	2,408	1,306	1,103	84%
Office Infrastructure	22,770	21,528	1,242	6%
Board Constituency	1,247	1,600	(353)	(22%)
Depreciation	5,385	6,336	(952)	(15%)
External Co-Funding	(150)	0	(150)	-
Total Opex before non-recurring	**286,569**	**300,953**	**(14,384)**	**(5%)**
Non-recurring costs	**12,230**	**4,047**	**8,183**	**202%**
Total operating costs	**298,800**	**305,000**	**(6,200)**	**(2.0%)**

In 2020, the COVID-19 pandemic has significantly impacted the way the Secretariat usual operations, requiring a major effort in delivering on key priorities and core operations remotely, while maintaining budget discipline and efficiency. Significant savings were realized in such cost categories as staff costs, travels and meetings while additional efforts and resources were promptly reinvested especially for panel reviews to assure full implementation of the current cycle of grants. Additional reinvestments were also needed to strengthen the IT systems to increase agility and integrate grant life-cycle processes.

Operating costs as a percentage of total expenditure decreased to 6.9% in 2020 (2019: 8.5%) driven by a 32% increase in grant expenditure compared to 2019.

For the year 2021, the Board has approved an annual operating cost budget of USD 315 million.

Amount in USD millions at budget rate	Items Impacted	Remarks
(8)	Recurring Staff Costs	Staff cost: delays in recruiting due to temporary border closure and travel restrictions slowing down onboarding of new staff.
(6)	Recurring Non-Staff Costs	COVID-19 related underspend versus budget on travel and meetings (USD -16.8M), on assurance mechanisms (LFA/HFA/CCM USD -1.2M) compensated by reinvestment decisions mostly on Professional Fees USD (+11M) and other budget categories (+0.9M)
8	Non-Recurring Costs	Additional investment incurred to address resourcing gaps

II.2 SOURCES OF FUNDS

2.1 Donor Pledges and Contribution Agreements

The Statement of Pledges and Contributions measures the contributions received against the pledges made by the donors for a given replenishment period.

The following table summarizes the pledges and contributions for the Sixth Replenishment period as at 31 December 2020:

STATEMENT OF PLEDGES AND CONTRIBUTIONS
REPLENISHMENT PERIOD

	Contribution amount in thousands		2020-2022 in Donor Source Currency	
	Donors	**Currency**	**Total Pledges**	**Total Contributions received**
A.1	**Governments**			
	Armenia	USD	15,000	-
	Australia	AUD	242,000	20,000
	Azerbaijan	USD	20,000	5,800
	Belgium	EUR	15,000	15,000
	Benin	USD	1,000	-
	Burkina Faso	USD	1,000	-
	Burundi	USD	1,000	-
	Cameroon	XAF	3,000,000	-
	Canada	CAD	995,400	258,000
	Central African Republic	XAF	600,000	-
	Chad	EUR	500	500
	China	USD	18,000	-
	Congo	USD	5,500	-
	Congo (Democratic Republic)	USD	6,000	-
	Côte d'Ivoire	USD	1,500	-
	Denmark	DKK	375,000	125,000
	Equatorial Guinea	EUR	2,000	-
	Eswatini	USD	6,000	-
	European Commission	EUR	550,000	13,000
	France	EUR	1,296,000	266,370
	Germany	EUR	1,150,000	500,000
	Greece	EUR	50	50
	India	USD	22,000	7,000
	Ireland	EUR	50,000	17,500
	Italy	EUR	161,000	50,350
	Japan	USD	840,000	477,365
	Kenya	USD	6,000	2,000
	Korea (Republic of)	USD	25,000	8,769
	Kuwait	USD	6,500	2,500
	Luxembourg	EUR	9,315	2,700
	Madagascar	USD	1,000	-
	Mali	EUR	500	-
	Malta	EUR	300	100
	Monaco	EUR	400	-
	Namibia	USD	1,500	-
	Netherlands	EUR	156,000	52,000
	New Zealand	NZD	2,500	500

STATEMENT OF PLEDGES AND CONTRIBUTIONS
REPLENISHMENT PERIOD — **2020-2022**

Contribution amount in thousands

	Donors	Currency	Total Pledges (in Donor Source Currency)	Total Contributions received (in Donor Source Currency)
A.1	**Governments**			
	Niger	USD	1,000	-
	Nigeria	USD	12,000	-
	Norway	NOK	2,325,200	768,518
	Portugal	EUR	1,000	400
	Qatar	USD	50,000	10,000
	Rwanda	USD	2,500	850
	Saudi Arabia	USD	30,000	-
	Senegal	USD	1,000	-
	South Africa	USD	10,000	3,000
	Spain	EUR	100,000	10,000
	Sweden	SEK	2,950,000	1,050,000
	Switzerland	CHF	64,000	18,500
	Thailand	USD	4,500	1,500
	Togo	USD	1,000	-
	Uganda	USD	2,000	-
	Ukraine	USD	80	80
	United Arab Emirates	EUR	50,000	-
	United Kingdom	GBP	1,400,000	476,000
	United States	USD	4,680,000	899,999
	Zambia	USD	5,500	-
	Zimbabwe	USD	1,000	1,000
	Commitments to be personally secured by Bill Gates and Bono with the active support of France for 2020-2022	USD	96,724	-
	Other Public	USD	63,985	-
A.2	**Private Foundations**			
	Gates Foundation	USD	760,000	251,333
	Children's Investment Fund Foundation	USD	25,000	3,000
	FIFA Foundation	USD	1,500	-
	Fondation Chanel	USD	1,500	500
	Rockefeller Foundation	USD	15,000	3,000
	Tahir Foundation	USD	30,000	-
A.3	**Corporations**			
	KN Cam Ranh Co., Ltd.	USD	1,000	-
	Takeda Pharmaceutical	JPY	564,000	376,000
A.4	**Others**			
	Catholic Relief Services	USD	3,000	-
	Co-Impact	USD	5,050	-
	Comic Relief	USD	17,000	2,261
	Cordaid	USD	5,000	-
	Goodbye Malaria	USD	5,500	906
	Human Crescent	USD	10,000	-
	Plan International and Plan Canada	CAD	3,900	-
	Rotary Australia World Community Service and Rotarians Against Malaria	USD	7,200	-
	RED	USD	150,000	33,604
	YMCA and Y's Men International	USD	500	100
	Others	USD	86,390	9,579

2.2 Treasury Management

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), as approved by the Global Fund Board in November 2016 (GF/B36/DP04). The CFP 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 above-mentioned topics.

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.

At the end of 2020, 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. 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.

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.

At 31 December 2020, the Global Fund Trust Fund investment balance pool was valued at USD 4,191 million (2019: USD 3,167 million) and returned 2.80% as the annual rate of return (2019: 5.65%). In absolute terms, the Trustee reported USD 112 million as the net investment income on the Trust Fund (2019: USD 148 million). This performance represents a decrease in investment income, compared to the strong returns of 2019. The positive performance was the result of positive performance of fixed income strategies, which benefited from yields continuing to fall in the course of 2020 and of strong returns in equity markets in 2020, despite economic conditions resulting from the COVID-19 pandemic.

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 Comprehensive Funding Policy.

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 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 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.

In the period under consideration, the currencies in which the Global Fund's assets and liabilities are denominated generally increased in value against the Global Fund's functional currency, the US dollar. This led to significant FX gains on assets and limited FX gains on liabilities. Conversely, fluctuations in FX rates led to losses on FX hedging instruments. For 2020, hedges have produced negative FX effects, consistent with the positive FX effects before hedges.

For the year ended 31 December 2020, a net foreign exchange gain of USD 144 million is reported on the net balance sheet positions (2019: USD 82 million net loss). 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)	239	(95)	144
Economic FX results (off-balance sheet)	(113)	-	(113)
Net FX results 2020	**126**	**(95)**	**31**
Net FX results 2019	*203*	*(121)*	*82*

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

III
THE GLOBAL FUND PROVIDENT FUND

The Global Fund maintains a Provident Fund scheme for the benefit of its employees. The Provident Fund is administered in Swiss Francs (CHF) consistent with employee remuneration. As at 31 December 2020, 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 240 million (2019: USD 188 million). This includes USD 229 million of Provident Fund reserves and USD 11 million of cumulative actuarial valuation reserve.

As at 31 December 2020, the Provident Fund asset base was USD 231 million (2019: USD 184 million) which included USD 213 million (2019: USD 171 million) of investments measured at fair value and USD 18 million (2019: 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 2020, a net fair valuation gain on Provident Fund investments for USD 7 million (2019: USD 15 million net gain) was reported. The annual rate of return on Provident Fund investments was 3.5% against a benchmark of 5.5% (2019: 8.8% against benchmark of 12.1%). In 2019 and 2020, the volatility of the actual Provident Fund portfolio was lower than that of the benchmark. This is reflected in the portfolio's lower performance than the benchmark in each of 2019 and 2020, where investment performance was higher for more volatile asset classes.

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III. LOOKING FORWARD: RISK MANAGEMENT

The disruption caused by COVID-19 has had a significant impact on the Global Fund's in-country operating environment, the economic landscape and the Secretariat. Despite concerted efforts to ensure continuity of programs, there has been a negative impact on programmatic results. There has been a significant decline in utilization of key services such as TB diagnosis, referrals and second line treatment enrolment. HIV programs have seen disruption, in particular ANC1, HIV referrals and testing for key and vulnerable populations, and for malaria similar declines have been noted in case management. This has increased the gap to programmatic targets and strategic objectives, and increased the inherent risks associated with program delivery. The severity of the pandemic's economic impact is also driving changes in behaviour and creating opportunities that increase the risk of fraud and other negative behaviours.

Program adaptations have been introduced in response to COVID-19 related disruption. Examples include including leveraging technology to bring HIV and TB services out of facilities and closer to communities, adopting and expanding multi-month dispensing, and adopting novel approaches to malaria campaigns. However, it will take time and the situation in most countries is evolving rapidly and needs to be monitored closely so that program adaptations can be implemented in response. The Global Fund has taken a number of steps to improve visibility of disruption including introducing an LFA bi-weekly survey and more frequent monitoring of key HIV, TB and malaria indicators for priority portfolios. This information together with partner data and consultation is strengthening the Global Fund's understanding of the impact of COVID-19 and how best to support countries as they respond.

The Secretariat has also been impacted by COVID-19 related disruption. However, investment in preceding years in maturing the risk management framework, the increased organizational focus on performance and accountability, and the Global Fund's partnership model, have enabled it to quickly design and implement processes and tools to mount an effective organizational response. A Situation Response Team was created to monitor disruption; Business Contingency Plans (BCPs) were created for key business processes, along with a framework for monitoring process disruption; new funding mechanisms were established to provide additional funding for countries to finance important activities to mitigate the impact of COVID-19 on HIV, TB and malaria programs; and the Global Fund is a core partner of the Access to COVID-19 Tools (ACT) Accelerator. Through these different processes and tools, the Global Fund has effectively mitigated many of the operational risks created by COVID-19. The process of developing and implementing BCPs and introducing flexibilities to business processes has also highlighted that processes can be simplified without weakening the control environment.


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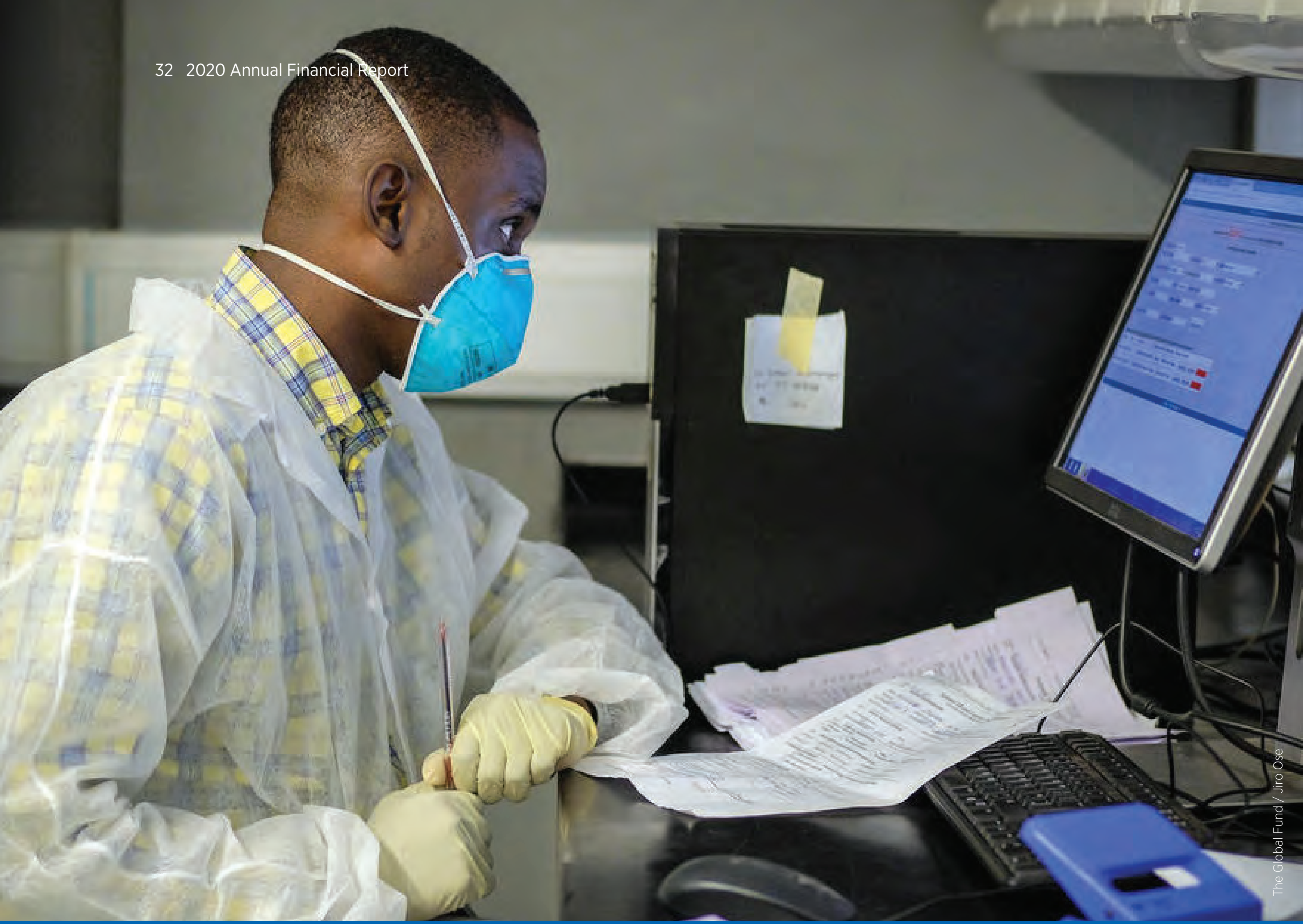
As a result of the changes to the operating environment a number of risk levels are showing an upward trajectory, including risks relating to program quality, in-country supply chains and grant related fraud. The expectation is that these risk levels may remain elevated in the medium term. Sustained pressure on Secretariat resources is also expected, as the Global Fund continues to play a key role in supporting countries through and the global response.

The impact of COVID-19 on the risk landscape means that the Global Fund needs to adapt. The Global Fund went into the pandemic with a strong risk management infrastructure. However, in order to keep pace risk managements tools and approaches need to be adapted. Adaptations required include updates to risk management tools at the grant level, including triangulation and adjustment of risk ratings to reflect increases in inherent risk levels as a result of COVID-19, updates to risk appetite (subject to approval by the Global Fund Board), leveraging lessons learned to strengthen mitigating actions, and continuing to improve the availability and use of data for monitoring and decision making. Significant progress has already been made, and work will continue throughout 2021, to ensure the risk management framework is aligned to the new operating context and fit for purpose.



The Global Fund / Jiro Ose

FINANCIAL STATEMENTS

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 the International Financial Reporting Standards (IFRS). The financial statements include amounts based on estimates and judgments made by the Secretariat. KPMG SA was appointed as the independent 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 unauthorised 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 2020 were approved by the Board on 20 April 2021.

REPORT OF THE INDEPENDENT AUDITOR

with consolidated financial statements as at and for the year ended 31 December 2020 of The Global Fund to Fight AIDS, Tuberculosis and Malaria.

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Report of the Statutory Auditor to the Board of
The Global Fund to Fight AIDS, Tuberculosis and Malaria, Le Grand-Saconnex

Report of the Statutory Auditor on 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 2020, statement of income, statement of comprehensive income, statement of changes in funds, and statement of cash flows for the year ended 31 December 2020 and notes, comprising significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Global Fund as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. 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 and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, 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 in the Annual Report
The Global Fund Board is responsible for the other information in the annual financial report. The other information comprises all information included in the annual financial report, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information in the annual financial report 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 in the annual financial report and, in doing so, consider whether the other information is materially inconsistent with 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.

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibility of the Global Fund Board and Secretariat for the Financial Statements
The Global Fund Board and Secretariat are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the 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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Global Fund to Fight AIDS,
Tuberculosis and Malaria,
Le Grand-Saconnex

Report of the Statutory
Auditor to the Board

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, ISAs and Swiss Auditing Standards 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, ISAs and Swiss Auditing Standards, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Global Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Global Fund audit. We remain solely responsible for our audit opinion.

We communicate with the Global Fund Board 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 Requirements

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

KPMG SA

Pierre-Henri Pingeon Licensed Audit Expert Auditor in Charge	Elodie Elloy Licensed Audit Expert

Geneva, 20 April 2021

Enclosure:
- Financial statements, which comprise the statement of financial position, statement of income, statement of comprehensive income, statement of change in funds, statement of cash flows and notes to the financial statements

Statement of income
for the year ended 31 December

USD millions	Notes	2020	2019
Operating activities			
Income			
Contributions	4.1	6,754	3,916
Expenditure			
Grants	3.2	(4,164)	(3,158)
Operating expenses	6.1	(302)	(279)
Total		**(4,466)**	**(3,437)**
Net operating activities		**2,288**	**479**
Financing and Investing Activities			
Foreign exchange result, net	5.7	144	(82)
Financial income, net	5.8	112	148
Discounting on long-term financial positions	5.9	74	80
Total		**330**	**146**
Increase in funds		**2,618**	**625**

Statement of comprehensive income
for the year ended 31 December

USD millions	Notes	2020	2019
Increase in funds		2,618	625
Other comprehensive income			
Re-measurement losses on defined benefit plan that will not be reclassified to the statement of income	6.4	(11)	(8)
Total comprehensive income for the year		**2,607**	**617**

Statement of financial position
At 31 December

USD millions	Notes	2020	2019
Assets			
Current assets			
Cash and cash equivalents	5.1	53	65
Trust Fund	5.2	4,191	3,167
Contributions receivable	4.2	2,009	1,073
Derivative financial instruments at fair value	5.6	31	13
Other receivables	4.2	29	46
		6,313	**4,364**
Non-current assets			
Contributions receivable	4.2	2,375	1,717
Provident Fund investments	5.3	213	171
Tangible and intangible assets	6.2	63	75
		2,651	**1,963**
Total Assets		**8,964**	**6,327**
Liabilities			
Current liabilities			
Grants payable	3.3	1,803	2,156
Derivative financial instruments at fair value	5.6	256	150
Lease liability	6.3	8	7
Other current liabilities	6.5	56	74
		2,123	**2,387**
Non-current liabilities			
Grants payable	3.3	250	7
Employee benefit liabilities	6.4	240	188
Lease liability	6.3	49	50
		539	**245**
Total Liabilities		**2,662**	**2,632**
Temporarily restricted funds	7.3	19	11
Unrestricted funds	7.3	6,283	3,684
Total Funds		**6,302**	**3,695**
Total liabilities and funds		**8,964**	**6,327**

Statement of cash flows
for the year ended 31 December

USD millions	Notes	2020	2019
Operating activities			
Cash received from donors	4	5,474	3,674
Grant disbursements		(4,264)	(3,562)
Payments for operating expenses		(286)	(281)
Cash realized on forward contracts settlements		(8)	33
Net cash flow from/ (used in) operating activities		**916**	**(136)**
Investing activities			
Financial income received, net	5.8	59	81
Purchases of Provident Fund investments		(53)	(44)
Sales of Provident Fund investments		37	35
Purchases of tangible and intangible assets	6.2	(1)	(3)
Net cash flow from investing activities before Trust Fund movements		42	69
Net cash rebalancing between commercial banks and Trust Fund		(969)	103
Net cash flow (used in)/ from investing activities		**(927)**	**172**
Financing activities			
Payment of lease liabilities	6.3	(7)	(7)
Net cash flow used in financing activities		**(7)**	**(7)**
Net (decrease)/ increase in cash and cash equivalents		(18)	29
Cash and cash equivalents			
- at beginning of the year	5.1	65	40
Effect of exchange rate changes		6	(4)
- at end of the year	**5.1**	**53**	**65**

In addition to the cash and cash equivalents reported in the statement of cash flows presented above, the Global Fund considers 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 at 31 December

USD millions	Notes	2020	2019
Amounts held in commercial banks	5.1	53	65
Amounts held in Trust Fund	5.2	4,191	3,167
Total operational cash balance		**4,244**	**3,232**

Statement of changes in funds for the year ended 31 December USD millions	**Foundation capital**[1]	**Temporarily restricted funds**	**Unrestricted funds**	**Total**
As at 1 January 2019	**-**	**5**	**3,073**	**3,078**
Increase in funds for the period	-	6	619	625
Other comprehensive income	-	-	(8)	(8)
At 31 December 2019	**-**	**11**	**3,684**	**3,695**
As at 1 January 2020	**-**	**11**	**3,684**	**3,695**
Increase in funds for the period		8	2,610	2,618
Other comprehensive income	-	-	(11)	(11)
At 31 December 2020	**-**	**19**	**6,283**	**6,302**

[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. Accordingly, a few financial positions have been regrouped to enhance content disclosure. 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

The Global Fund to Fight AIDS, Tuberculosis and Malaria ("the Global Fund") is a partnership designed to accelerate the end of HIV/AIDS, tuberculosis 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 Global Fund Provident Fund 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 is in Geneva, Switzerland. The registered address is Chemin du Pommier 40, Grand-Saconnex 1218, Geneva, Switzerland. Foundations 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.

Impact of COVID-19 pandemic response

The COVID-19 pandemic threatens progress against HIV, TB and malaria programs, as well as health and community systems. As a result, the Global Fund established the following as part of its core grant operations to help countries fight COVID-19:

- Up to USD 500 million of grant flexibilities starting March 2020 allowing countries to use up to 5% of existing Global Fund grants if there are savings, or reprograming up to 5% of the value of a grant, to meet immediate COVID-19 response demands, and

- An emergency fund called the COVID-19 Response Mechanism (C19RM) in April 2020. The Global Fund Board has authorized the mobilisation of additional contributions during the year to support the C19RM.

Please refer to section 3 Grant activities and to section 4 Donor activities for further details.

In addition, the Global Fund has assessed certain accounting matters that generally require consideration of forecast financial information considering the potential future impacts of the COVID-19 pandemic. The accounting matters assessed included, but were not limited to, the allowances for doubtful accounts for donor contributions and other receivables and employee benefit liabilities.

No expected credit losses or valuation issues that can be directly attributed to the pandemic were noted for financial assets, although the volatility in global markets had a corresponding impact on the carrying value of investments held at fair value.

Section 2: Basis of reporting

Statement of compliance

The financial statements have been prepared in compliance with International Financial Reporting 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.

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which 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.

Until 2019, the financial statements of the US Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria (the "US Fund"), an independent not-for-profit corporation organised in the State of Delaware, the United States, met the criteria for consolidation in the annual financial statements of the Global Fund. During 2020, the US Fund has amended its bylaws and it no longer meets the consolidation criteria under IFRS. Accordingly, the activities and the financial positions of the US Fund are no longer consolidated in the financial statements of the Global Fund. For 2020, the Global Fund recognizes all revenue from the US Fund as restricted not-for-profit donor contribution.

These financial statements as at and for the year ended 31 December 2020 were approved by the Global Fund Board on 20 April 2021.

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. 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.

Significant management judgments, estimates and assumptions

All significant accounting policies, 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 that may lead to actual results differing from estimates. Specific financial risks for the Global Fund are discussed in Section 4 and Section 5.

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

A number of new standards, amendments and interpretations either became effective 1 January 2020 or were issued but not yet effective. These are either not applicable to the Global Fund or these do not have a material impact on the Global Fund's financial statements.

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 2020
All amounts in USD million

		Carrying amount		
Global Fund financial position	**Note**	**Mandatorily at FVTPL**	**At amortized cost**	**Other financial liabilities**
Cash and cash equivalents	5.1	-	53	-
Trust Fund asset	5.2	4,191	-	-
Contributions receivable	4.2	-	4.384	-
Derivative financial instruments measured at fair value, net liability	5.6	225	-	-
Provident Fund Investments	5.3	213	-	-
Other receivables*1	4.2	-	21	-
Grants payable	3.3	-	-	2,054
Lease liability	6.3	-	-	57
Other liabilities*2	6.5	-	-	17

As at 31 December 2019
All amounts in USD million

		Carrying amount		
Global Fund financial position	**Note**	**Mandatorily at FVTPL**	**At amortized cost**	**Other financial liabilities**
Cash and cash equivalents	5.1	-	65	-
Trust Fund asset	5.2	3,167	-	-
Contributions receivable	4.2	-	2,790	-
Derivative financial instruments measured at fair value, net asset	5.6	137	-	-
Provident Fund Investments	5.3	171	-	-
Other receivables*1	4.2	-	38	-
Grants payable	3.3	-	-	2,163
Lease liability	6.3	-	-	57
Other liabilities*2	6.5	-	-	10

*1 Other receivables that are not financial assets (prepaid expenses) are not included.
*2 Other liabilities that are not financial liabilities (provisions and deferred contributions) 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 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**
2020	9,182	4,164	4,264	(13)	2,054
2019	3,060	3,158	3,562	2	2,163

Impact of COVID-19 pandemic on grant operations

The Global Fund has approved USD 980 million to 106 countries and 15 multicountry programs to support their responses to COVID-19 as follows:

- Grant flexibilities for USD 221 million, and
- COVID-19 Response Mechanism for USD 759 million

All COVID-19 approved funding has been added to the existing grants with the Principal Recipients in order to leverage implementation, assurance and reporting mechanisms of these grants. Once approved, the funds are merged with the existing grants and as such cannot be differentiated based on the underlying source of funding, i.e. regular grants, grant flexibilities or C19RM. A separate cost module has been created in the grant expenditure reports to be submitted by Principal Recipients. The first point of reporting for expenditure incurred in 2020 will be in June 2021. As a result, out of the USD 980 million approved, it is not possible for the Secretariat to provide a split between grant contingent liabilities reported in Note 3.1 and commitments made and reported in Note 3.2 for COVID-19 activities from the regular grant funding. Grant flexibilities were an outcome of reprogramming, including potential savings, and as such did not result in the recognition of additional grant contingent liability or expenditure for the Global Fund.

In the following notes, each stage of the standard grant lifecycle has been analysed 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, 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. In order 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 based on the recommendation of the Secretariat's Grants Approval Committee ("GAC"). For the purposes of the financial statements and liability management this Board approval represents the point in time at which a contingent liability was reported up to 30 September 2020.

Effective 1 October 2020, the point in time at which a contingent liability is reported is the earlier of (i) the Global Fund Board approval and (ii) the transmission of the draft grant agreement, which is conditional to the Board approval, to the Principal Recipient following the GAC recommendation. This written grant agreement includes substantive conditions based on performance and availability of funding. The change effective from 1 October 2020 was triggered by operational changes made to facilitate an in-country implementation-ready grant. As a result, contingent liabilities might be reported earlier, at the time of transmission of the draft grant agreement to the Principal Recipient.

However, the timing of recognition of the grant payable as a liability in the statement of financial position has not changed under the 6th Replenishment cycle: a present obligation exists once all criteria have been considered and the annual funding decision is made and communicated as defined in note 3.2.

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 at 31 December:

	2020	**2019**
By category		
Grants approved by the Board but not signed	852	110
Grants agreements signed but not committed	8,330	2,950
Total: Contingent liability for grants to Principal Recipients	9,182	3,060
Strategic initiatives	-	17
Total	**9,182**	**3,077**

At 31 December 2020, all grants for which draft grant agreements were transmitted to the Principal Recipients were fully approved by the Board. 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:

	2020	2019
Contingent liability for grants to Principal Recipients By region		
Asia (outside High Impact), Europe, Latin America and Caribbean	585	337
Africa (outside High Impact) and Middle East	1,767	654
High Impact Africa I	2,561	531
High Impact Africa II	2,980	1,002
High Impact Asia	1,289	536
Total	**9,182**	**3,060**

3.2 Grant expenditure

Grants on behalf of Principal Recipients

The recognition of grant liabilities 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.

Grants for Pooled Procurement Mechanisms

In 2020, approximately one-third of the total grant expenditure is towards procurement expenditure made through the Global Fund Board-approved Pooled Procurement Mechanisms (“PPM”). The Global Fund provides an online platform called wambo.org to its registered Principal Recipients who elect to use 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 the Principal Recipients in line with the underlying delivery terms, thereby reducing the liability.

Strategic Initiatives

Besides the main 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. The recognition of expenditure and liability are linked to 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 period, each recoverable 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:

	2020	**2019**
By category		
Grants on behalf of Principal Recipients	2,769	2,260
Grants for PPM orders	1,300	857
Total grants for Principal Recipients	**4,069**	**3,117**
Grants under recovery	9	(20)
Strategic Initiatives	86	61
Total grants	**4,164**	**3,158**
By disease		
HIV-AIDS (including HIV/TB)	1,896	1,664
Malaria	1,455	950
Tuberculosis	581	448
Others (including RSSH and multi-component)	137	55
Total grants for Principal Recipients	**4,069**	**3,117**
By region		
Asia (outside High Impact), Europe, Latin America and the Caribbean	447	318
Africa and Middle East	1,021	782
High Impact Africa I	879	528
High Impact Africa II	1,073	1,076
High Impact Asia	648	413
Total grants for Principal Recipients	**4,069**	**3,117**

3.3 Grants payable

The following table summarizes grants payable at 31 December:

	2020	2019
Grants payable within one year		
Grants payable to Principal Recipients		
- In USD	1,556	1,882
- In EUR	183	244
- In ZAR	-	25
Net grants payable to Principal Recipients in USD equivalent	1,781	2,151
Strategic Initiatives	22	5
Net grants payable in equivalent USD within one year	**1,803**	**2,156**

	2020	2019
Grants payable after one year		
Grants payable to Principal Recipients		
In USD	190	7
In EUR	50	-
Net grants payable in equivalent USD after one year	**251**	**7**
Total grants payable in equivalent USD	**2,054**	**2,163**

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 towards discounting of 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 time of a 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 as the conversion of pledges into firm contributions will require further substantive actions to be taken.

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	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**
2020	2,790	6,754	74	5,474	240	4,384
2019	2,416	3,916	81	3,674	51	2,790

Impact of COVID-19 pandemic on contributions

Following the Board decision on April 9, 2020, the Global Fund launched an appeal to raise additional funding for COVID-19 emergency response and created the COVID-19 Response Mechanism. Donor contributions recognized in 2020 in the statement of income include USD 278 million received in response to this appeal.

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.

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 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:

	2020	2019
Donor contributions		
By donor category		
Public	6,229	3,673
Foundations	500	153
Product (RED)	32	53
Corporations	2	5
International not-for-profit organizations	9	32
Derecognition of US Fund assets	(18)	-
Total	**6,754**	**3,916**
By donor intent		
Unrestricted	6,699	3,667
Restricted- Others	55	249
Total	**6,754**	**3,916**

4.2 Contributions receivable

Contributions receivable are agreements signed where income has been recognized but the cash has not been received. Contribution receivables are stated at amortized cost net of a provision for expected credit losses to cover the risk of future non-payment.

Promissory notes and contributions receivable maturing later than one year after the date of statement of financial position are discounted at fair value using a rate of return reflecting the credit risk of the donor and subsequently measured at amortized cost using the effective interest method.

The impact towards discounting of long-term contribution receivable is disclosed separately in the statement of income for the reporting period *(Note 5.9).*

The following table summarizes contributions receivable at 31 December:

	2020	2019
Promissory notes maturing within one year	-	485
Contributions receivable within one year	2,009	588
Total	**2,009**	**1,073**
Contributions receivable after one year	2,375	1,717
Total value of contributions receivable	**4,384**	**2,790**
Receivable in 2020	-	1,073
Receivable in 2021	2,009	566
Receivable in 2022	1,660	509
Receivable after 2022	750	750
Gross contributions receivable	4,419	2,898
Discounted	(35)	(108)
Net present value of contributions receivable	**4,384**	**2,790**

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. The risk premiums held are maintained as a provision for expected credit losses. This includes USD 8 million of expected credit losses (2019: USD 1 million).

Other Receivables

The following table summarizes other receivables at 31 December:

	2020	2019
Grants under recovery	11	20
Working capital advance for pooled procurement mechanisms	1	10
Security deposit	9	8
Prepaid expenses for Opex and Strategic Initiatives	8	8
Total	**29**	**46**

Grants under recovery are recognized based on the demand letters formally issued to Principal Recipients. This includes expected credit loss of USD 13 million given the uncertainty of future cash inflows compared with the recovery schedule agreed by the Principal Recipients under the recovery protocol (2019: USD 12 million).

4.3 Conditional contributions

The Global Fund may enter into contribution agreements with donors that are subject to performance obligations or 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, USD 384 million (2019: nil) 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 at 31 December:

	2020	2019
Amounts held in commercial banks	53	65

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, hereinafter called "the Pool", established by the Trustee for all trust funds 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, 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 the former Finance and Operational Performance Committee of the Board.

All disbursements out of the Trust Fund requires 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.

The Trust Fund is partitioned into two sub-portfolios: tranches 0 and 5 which have different investment horizons and aim to enhance returns subject to the over-arching goal of capital preservation and liquidity requirements. The tranches have the following characteristics:

- **Tranche 0:** cash portfolios in USD and EUR with an investment horizon of less than three months that aim to ensure timely availability of funds to meet the short-term cash flow needs of the Global Fund, and which comprise short-term bank deposits and highly liquid money-market instruments; and
- **Tranche 5:** longer horizon portfolio in USD that has an investment horizon of up to three years, and which is invested primarily in highly rated government and agency obligations, asset-backed securities, including mortgage-backed securities.

Monthly re-balancing of the portfolio leads to the re-allocation of amounts among the different tranches to alter the duration of the overall portfolio in line with the Global Fund's projected grant funding needs. The ultimate purpose of the Trust Fund is to hold the funds to meet short-term cash needs of the Global Fund. The Trust Fund reports its share in the shared pool of investments as one class of financial assets and can be withdrawn upon demand.

The following table summarizes the Global Fund Trust Fund allocation across World Bank investment tranches:

Tranche	2020	2019
Tranche 0 USD	2,397	1,432
Tranche 5 USD	1,794	1,735
Total	**4,191**	**3,167**

As at 31 December 2020 the Pool had a fair value measurement of USD 35,052 million (2019: USD 30,932 million) as confirmed by the World Bank. The following table reflects the asset allocation in the pool:

Types of financial instruments	2020	2019
Government and agency obligations	63%	44%
Time deposits and money market securities	21%	33%
Asset-backed securities	9%	17%
Equity securities	5%	7%
Derivaitves, net	2%	-%
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 all trust funds administered by the World Bank Group. 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 (TBA) 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; and
- 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:

At 31 December 2020	Level 1	Level 2	Level 3	Total
Government and agency obligations	1,582	1,148	-	2,731
Asset and mortgage-backed securities	-	412	-	412
Equity	204	-	-	204
Time deposits	102	797	-	899
Repurchase/ resale agreements	-	(8)	-	(8)
Derivatives, net	-	87	-	87
Sub-total:	1,888	2,436	-	4,324
Cash, receivables & payables	-	-	-	(133)
Total	**1,888**	**2,436**	**-**	**4,191**

At 31 December 2019	Level 1	Level 2	Level 3	Total
Government and agency obligations	762	571	-	1,333
Asset and mortgage-backed securities	-	508	-	508
Equity	215	-	-	215
Time deposits	180	838	-	1,018
Repurchase/ resale agreements	-	(3)	-	(3)
Derivatives, net	-	(11)	-	(11)
Sub-total:	1,157	1,903	-	3,060
Cash, receivables & payables				107
Total	**1,157**	**1,903**	**-**	**3,167**

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

At 31 December 2020	**Shared Pool of cash and investments**	**Trust Fund**	**% share**
Level 1	13,197	1,888	14.31
Level 2	22,823	2,436	10.67
Level 3	-	-	-
Sub-total	**36,020**	**4,324**	**12.00**
Cash, receivables & payables	(968)	(133)	13.74
Total	**35,052**	**4,191**	**11.96**

At 31 December 2019	**Shared Pool of cash and investments**	**Trust Fund**	**% share**
Level 1	9,536	1,157	12.13
Level 2	21,086	1,903	9.02
Level 3	-	-	-
Sub-total	**30,622**	**3,060**	**9.99**
Cash, receivables & payables	310	107	34.5
Total	**30,932**	**3,167**	**10.2**

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, 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. The 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 to maintain the physical custody of 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. On an annual basis the investment managers provide fair value hierarchy in which the valuations should be classified for their respective investments in compliance with the requirements of IFRS. 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.

The 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. The net gain or loss recognized in the statement of income incorporates any dividend or interest earned on the financial asset and is included in the Provident Fund investment fair valuation gain line item.

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:

At 31 December 2020	Level 1	Level 2	Level 3	Total
Total Provident Fund investments	**119**	**94**	**-**	**213**
Equity	38	4	-	42
Bonds	78	55	-	133
Money market	3	-	-	3
Real estate	-	35	-	35

At 31 December 2019	Level 1	Level 2	Level 3	Total
Total Provident Fund investments	**74**	**97**	**-**	**171**
Equity	30	-	-	30
Bonds	44	50	-	94
Real estate	-	47	-	47

The Provident Fund investments are held in Swiss Francs (CHF). The sensitivity of the investments to exchange rate fluctuations is analysed as at the end of each reporting period.

During 2020, USD 7.3 million was reported in net fair valuation gains on Provident Fund investments (2019: USD 15 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 risk, which are summarized below.

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

Risk management in respect of Trust Fund included in the Shared Pool of cash and investments

The Pool is 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 as a result 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 so as to minimize the probability of incurring negative returns over the applicable investment horizon.

i. Interest rate risk

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 unfavourable movements in interest rate and credit spreads. 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 takes into account 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 twelve-month horizon, at a 95% confidence level as at 31 December 2020 is estimated to be USD 89 million (2019: USD 57 million).

ii. Currency risk

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 in 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 at 31 December 2020 and 2019.

iii. Credit risk/counterparty risk

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 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, and 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; and
- 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	**2020**	**2019**
AA or greater	67%	62%
A- or greater	100%	100%

Risks other than market risk, in respect of all other financial assets, including the Trust Fund are analysed below:

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.

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.

Effective 2016 the Global Fund implemented 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 follows the general principles 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. Value at Risk 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 limit follows a two-risk metrics:

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 @ 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 @ maximum 25% of VaR arising).

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

Key foreign currencies	2020	2019	% Fluctuation
AUD	0.7706	0.7010	10%
CAD	0.7845	0.7662	2%
CHF	1.1348	1.0331	10%
EUR	1.2299	1.1204	10%
GBP	1.3644	1.3109	4%
SEK	0.1219	0.1069	14%
NOK	0.1171	0.1134	3%

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

The Global Fund regularly undertakes the sensitivity analysis for each currency in which it holds significant exposure. The significant foreign currency exposures include Euros (EUR), Pound Sterling (GBP), Swedish kronor (SEK), Canadian dollars (CAD) and Swiss Francs (CHF).

The following table outlines, the nominal amounts in millions, of the management of the net position of main foreign currency exposures, including financial and economic, net of assets and liabilities:

	As at 31 December 2020			As at 31 December 2019		
Currency	Net FX exposure	Hedges at nominal value	% hedge ratio	Net FX exposure	Hedges at nominal value	% hedge ratio
AUD	198	187	94	218	203	93
CAD	740	695	94	934	888	95
CHF	(343)	(303)	88	(520)	(426)	82
DKK	250	233	93	350	332	95
EUR	1,429	1,079	76	1,922	1,561	81
GBP	804	777	97	1,694	1,627	96
SEK	1,900	1,758	92	2,850	2,708	95
NOK	1,557	1,455	93	2,040	1,938	95

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 on the statement of income and statement of changes in funds of a strengthening or weakening of non-USD currencies as at 31 December 2020 and 2019.

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.

A majority of the contribution receipts to the Trust Fund are denominated and predominantly held in 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 at 31 December	**2020**	**2019**
Amounts held in CHF	16	18
Amounts held in EUR	22	13

During the year the Global Fund used 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 at 31 December	**2020**	**2019**
Assets, settlement within 12 months	31	13
Liabilities, settlement within 12 months	(256)	(150)
Net liability for derivative financial instruments at fair value	**(225)**	**(137)**

BY CURRENCY

As at 31 December 2020

Currency (Level 2)	Notional value in millions	Forward contracts at fair value in USD millions
AUD	187	9
CAD	695	33
CHF	(303)	(16)
DKK	233	2
EUR	1,079	98
GBP	777	61
NOK	1,455	20
SEK	1,758	18
Net liability for derivative financial instruments at fair value		**225**

As at 31 December 2019

Currency (Level 2)	Notional value in millions	Forward contracts at fair value in USD millions
AUD	203	(5)
CAD	888	(12)
CHF	(426)	8
DKK	332	(1)
EUR	1,561	(19)
GBP	1,627	(89)
NOK	1,938	(8)
SEK	2,708	(11)
Net liability for derivative financial instruments at fair value		**(137)**

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:

	2020		2019	
By currency	**Before derivative instrument**	**After derivative instrument**	**Before derivative instrument**	**After derivative instrument**
AUD	3	(10)	(2)	(5)
CAD	(2)	(14)	6	(11)
CHF	(19)	9	(1)	7
EUR	116	(5)	14	3
GBP	85	127	19	(66)
SEK	20	5	4	(3)
NOK	36	35	-	(7)
Others	-	(3)	(1)	-
Total	**239**	**144**	**39**	**(82)**

	2020	**2019**
By net position		
Net foreign exchange gain/ (loss) on assets	163	(84)
Net foreign exchange (loss)/ gain on liabilities	(19)	2
Total: Net foreign exchange gain/ (loss)	**144**	**(82)**

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:

	2020	**2019**
Trust Fund gains, net	114	150
Financial costs	(2)	(2)
Total	**112**	**148**

The following tables provide a detailed view of the composition of Trust Fund gains:

For the financial year ended 31 December 2020	Realized	Unrealized	Total
Investment gains	68	56	124
Investment losses	(9)	(1)	(10)
Total	**59**	**55**	**114**

For the financial year ended 31 December 2019	Realized	Unrealized	Total
Investment gains	83	74	157
Investment losses	(2)	(5)	(7)
Total	**81**	**69**	**150**

5.9 Discounting of long-term financial positions

By financial position	2020	2019
Contributions receivable	74	81
Grants payable	-	(1)
Total	**74**	**80**

Section 6: Operating activities

6.1 Operating expenses

Operating expenses are costs incurred by the Global Fund Secretariat for maintaining a sustainable administrative structure in order 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:

	2020	2019
Staff	169	149
External assurance	48	46
Professional fees	49	40
Others	41	57
Total Secretariat costs	**307**	**292**
Provident Fund valuation	(5)	(13)
Total	**302**	**279**

Staff cost represents all personnel costs incurred by the Global Fund in accordance with its human resource policies. A notional internal taxation amount of USD 22.1 million has been calculated on the reported staff costs (2019: USD 19.0 million). No Swiss tax is paid by The Global Fund, nor by the employee on Global Fund employment income. At 31 December 2020 there were 866 (2019: 772) personnel 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, communication materials, depreciation of right of use asset and maintenance, depreciation and disbursements for Country Coordinating Mechanisms (CCMs) and Board Constituencies.

6.2 Tangible and Intangible assets

The Global Fund moved its headquarters office to the Global Health Campus ("GHC") in February 2018. The Global Fund is the primary lessee of the entire building, and sub-leases a portion of the office space to other public health organizations. Accordingly, the head lease has been fully recognized as a Right-of-Use (RoU) asset in the Global Fund statement of financial position. The right-of-use asset is measured at cost, which includes the initial amount of the lease liability, initial direct costs incurred to restore the underlying asset and less any incentives received.

All ancillary costs regarding office maintenance and amenities are regarded as non-lease components and as such are recognized as expense in the period in which these ancillary costs are incurred. Any subsequent capital investments made by the Global Fund in the nature of leasehold improvements will be capitalized as leasehold assets and not as the increase in GHC RoU asset. The sub-leases are treated as operating leases.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the useful life of the right-of-use asset or end of the lease term which is 10 years.

All other assets are recognized at cost and depreciated over its useful life.

The following table provides an overview on the tangible and intangible assets:

Asset category	Net assets at 01 Jan 2020	Additions	Depreciation	Net asset value at 31 Dec 2020
Leased assets				
Head lease: ROU-GHC	60	-	(7)	53
Tangible assets	8	-	(3)	5
Intangible assets	7	-	(2)	5
Total	**75**	**-**	**(12)**	**63**

Asset category	Net assets at 01 Jan 2019	Additions	Depreciation	Net asset value at 31 Dec 2019
Leased assets				
Head lease: ROU-GHC	67	-	(7)	60
Tangible assets	9	2	(3)	8
Intangible assets	11	-	(4)	7
Total	**87**	**2**	**(14)**	**75**

6.3 Lease liability

As a lessee

The lease liability is recognized as a financial liability on the statement of financial position, initially measured at the present value of the unpaid portion of lease. The details of the GHC head lease are included in Note 6.2.

After the initial recognition the lease liability is measured at amortized cost using effective interest method. Any re-measurement of the lease liability will be reflected in the RoU asset value. For the GHC lease, in accordance with IFRS 16.39 a re-measurement in the lease liability may be required due to a change in the lease payments resulting from a change in the Swiss CPI with respect to leasehold rent or a change in the lease term.

The financial liability represents the Global Fund's liability for future lease payments towards the head lease agreement for the right to use GHC as its office space. The following table outlines the undiscounted value of the maturity profile of GHC lease recognized as a financial liability of the unpaid portion of the lease.

As a lessor

The Global Fund acts as a lessor for part of GHC sublet to other international public health organizations. These sub-leases are classified as operating leases because the Global Fund in its role as the primary lessor, centralizes the risks and rewards to the ownership of the underlying asset from the head lease. Under this arrangement, the Global Fund recognizes the operating lease payments as income on a straight-line basis. During 2020, USD 3 million (2019: USD 2 million) have been recognized as miscellaneous income grouped under operating expenses towards the sub-lease rentals from sub-tenants.

Maturity analysis of lease payments

As at 31 December 2020 **Maturity period**	**Financial lease outflows**	**Sub-lease inflows**	**Net outflows**
Within one year	7	3	4
Within two and five years	28	13	15
After five years	22	6	16
Total	**57**	**22**	**35**

As at 31 December 2019 **Maturity period**	**Financial lease outflows**	**Sub-lease inflows**	**Net outflows**
Within one year	7	3	4
Within two and five years	28	11	17
After five years	22	8	14
Total	**57**	**22**	**35**

6.4 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 excluded from the 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. The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the net deficit or surplus. 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	**2020**	**2019**
Benefit obligation at beginning of year	188	168
Current service cost	32	28
FX translation impact	19	3
Interest cost	-	1
Actuarial loss	11	8
Benefits paid from plan/company	(8)	(18)
Premiums and expenses paid	(2)	(2)
Benefit obligation at end of year	**240**	**188**

Current service cost: include contributions made by the Global Fund to the Provident Fund scheme as a part of monthly employment cost. It also includes employee contributions that are deducted under the monthly payroll.

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 pension cost	2020	2019
Amounts recognized in the statement of income		
Current service cost	32	28
Interest cost	-	1
Total pension cost recognized in the statement of income	**32**	**29**
Actuarial valuation recognized in other comprehensive income		
a. Effect of changes in demographic assumptions	(0)	(2)
b. Effect of changes in financial assumptions	-	12
c. Effect of experience adjustments	11	(2)
Total actuarial valuation recognized in other comprehensive income	**11**	**8**
Total defined benefit cost recognized in the statements of income and other comprehensive income	37	37
Principal actuarial assumptions		
Weighted-average assumptions to determine benefit obligations at 31 December		
Discount rate	0.10	0.10
LPP interest rate	1.00	1.00
Weighted-average assumptions to determine pension expense for the year ended		
Discount rate	0.10	0.80
LPP interest rate	1.00	1.00
Sensitivity analysis		
Discount rate -25 basis points	246	193
Assumption	(0.15)	(0.15)
Discount rate +25 basis points	235	183
Assumption	0.35	0.35
Mortality assumptions	BVG 2015 CMI 1.25%	100% LPP 2015 Generational
Other required disclosure amounts		
Contributions expected to be paid to the plan during the annual period beginning after the reporting period	16	14
Average duration of the plan liabilities (in years)	10	10

6.5 Other current liabilities

	2020	2019
Accounts payable for operating expenditure	8	10
Provisions and accrued expenses for operating expenditure	39	43
Deferred contribution	9	21
Total	**56**	**74**

Section 7: Other disclosures

7.1 Related party transactions

Related parties include the members of the Board, Board committees and close family members of senior management.

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/B38/EDP13). Under this framework, the Chair and the Vice-Chair of the Board are also entitled to receive honoraria as per 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 2020, an aggregate of USD 59,000 (2019: USD 67,000) was paid to the eligible Board and Committee members as honoraria for their governance services performed during the course of the year. There was no loan to or from related parties outstanding as at 31 December 2020 (2019: 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 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	2020	2019
Short-term benefits including salary and allowances	6.3	5.8
Long-term benefits including contributions to the Provident Fund	0.8	0.8
Total remuneration to key management personnel	**7.1**	**6.6**

7.2 Taxation

As an international organization with privileges and immunities, the Global Fund has received tax exemptions from Switzerland and the United States.

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.

GLOSSARY

ART	Anti-retroviral Therapy
AFC	Audit and Finance Committee
ALM	Asset Liability Management
AUD	Australian Dollar
CAD	Canadian Dollar
CCM	Country Coordinating Mechanism
CFP	Comprehensive Funding Policy
CHF	Swiss Franc
CRG	Community, Rights & Gender
ECL	Expected Credit Loss
EUR	Euro
FVTPL	Fair value through profit & loss
GAC	Grants Approval Committee
GBP	Pound Sterling
GHC	Global Health Campus
HEF	Health Emergency Fund
NOK	Norwegian Krone
IFRS	International Financial Reporting Standards
IASB	International Accounting Standards Board
LLIN	Long lasting insecticidal net
PR	Principal Recipient
PReP	Pre-exposure Prophylaxis
PPM	Pooled Procurement Mechanism
PSA	Procurement Service Agent
RoU	Right-of-use
RSSH	Resilient & Sustainable Systems for Health
SEK	Swedish Krona
SR	Sub-recipient
USD	United States Dollar

The Global Fund to Fight
AIDS, Tuberculosis and Malaria

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The Global Fund is a 21st-century organization designed to accelerate the end of AIDS, tuberculosis and malaria as epidemics.

The Global Fund / John Rae