


**World Bank**
**Trustee for The Global Fund to Fight AIDS, Tuberculosis and Malaria**

## Trustee Report

February 29, 2004

### I. Introduction

1. This report provides an update to the Global Fund Board on the status of the Trust Fund for the Global Fund (the “Trust Fund”) through February 29, 2004.

### II. Status Report on the Global Fund Trust Fund

2. To date, the Trustee has negotiated and signed contribution agreements with 35 donors. These donors have made contributions totaling \$2,067.45 million. Details of the contributions received by donor are listed in Annex 1. Based on instructions received from the Global Fund, the Trustee has committed \$1,213.62 million of which \$249.25 million has been disbursed towards approved grants and \$74.45 million towards approved operating budget. Table 1 below provides an overview of Trust Fund activities and provides a breakdown by CY03 and CY04 up to February 29, 2004 in dollar terms. The summary of these activities in number of transactions are shown in Table 2 for the same periods. Annex 2 provides more detail on the operating budget.

**Table 1**  
**Trust Fund Activities as of February 29, 2004**

*Amount in USD millions*

|  | <u>For the two<br/>months Jan 2004<br/>&amp; Feb 2004</u> | <u>For the period<br/>Jan 01, 2003 to<br/>Dec 31, 2003</u> | <u>May 31,2002<br/>(inception) to<br/>Feb 29, 2004</u> |
|--|---|--|--|
| Contributions received                         | 22.42   | 1,395.14   | 2,067.45   |
| Project commitments                            | 7.44  | 1,074.05   | 1,115.30 <i>a/</i>                                     |
| Project disbursements                          | 17.15   | 231.15   | 249.25   |
| Operating budget commitments                   | 38.66   | 30.98  | 98.32  |
| Operating budget disbursement                  | 15.32   | 30.45  | 74.45  |
| Investment income earned<br>/ Financial return | 2.65  | 28.93  | 40.45  |

*a/ Commitments are based on signed grant agreements and approved operating budgets; Board approved projects for which Grant agreements have yet to be signed are not included.*

**Table 2**  
**Trust Fund Activities as of February 29, 2004**  
*Number of transactions*

|                               | <u>For the two<br/>months Jan 2004<br/>&amp; Feb 2004</u> | <u>For the period<br/>Jan 01, 2003 to<br/>Dec 31, 2003</u> | <u>May 31,2002<br/>(inception) to<br/>Feb 29, 2004</u> |
|-------------------------------|---|--|--|
| Contributions received        | 3   | 49   | 85   |
| Project commitments           | 2   | 127  | 135  |
| Project disbursements         | 16  | 191  | 209  |
| Operating budget commitments  | 4   | 8  | 18   |
| Operating budget disbursement | 3   | 9  | 18   |

3. As of February 29, 2004, net funds available for commitment towards new grant agreements amount to \$894.3 million. Table 3 below provides in detail the sources of the funds and the potential availability based on outstanding contribution agreements.

**Table 3**  
**GFATM Trust Fund**  
**Funding Status as of February 29, 2004**

|   | <u>Amount in USD</u> * |
|---|------------------------|
| a) Contribution amounts received on signed agreements (1+2)           | 2,067,454,502          |
| (1) Contributions received in cash                                    | 2,004,234,502          |
| (2) Promissory Notes  | 63,220,000             |
| b) <b>Add:</b> Cumulative Investment Income                           | 40,446,612             |
| <b>Cumulative funds available for commitment</b>                      | <b>2,107,901,114</b>   |
| c) <b>Less:</b> Commitments made for projects & approved budget       | (1,213,623,394)        |
| <b>Net funds available for commitment as of February 29, 2004</b>     | <b>894,277,720</b>     |
| <b>Add:</b>   |                        |
| d) Amounts available upon receipt of signed contribution agreement(s) | 116,324,800 **         |
| e) Contribution amounts due on signed agreements                      | 254,976,375 ***        |
| <b>Net funds potentially available for commitment</b>                 | <b>1,265,578,895</b>   |

\* Valued on the basis of February 29, 2004 exchange rates.  
\*\* Contribution amount has already been received by Trustee and will be made available for commitment on receipt of duly signed contribution agreement. This includes France's additional contribution of Euro 50 million in the form of Promissory Notes.  
\*\*\* Only a part of the amount is due immediately; the remainder is payable on a schedule over one or more years.

4. Two contribution agreements are in process, for which Cash and Notes amounting to US \$ 116,324,800.00 equivalent has already been received by Trustee(refer to Table 3, item “d” above): the European Commission - Euro 42,000,000.00 and France - Euro 50,000,000.00 (in Promissory Notes). In addition, two more agreements are in process: Singapore – USD 1,000,000.00 and Barbados – USD 100,000.00.

### **III. Continuing work with the Secretariat on Operational Issues**

5. *Audit cycle:* In the October 2003 Trustee Report we informed the Board that the Trustee would be requesting an audit of the Trustee account covering the period July 1, 2003 to December 31, 2003 in order to make the future audit cycle of the GFATM Trust Fund correspond to the audit period of the Global Fund itself (i.e., on a calendar year basis). This six month audit was carried out in January and February 2004 by the auditing firm Deloitte & Touche, LLP. The audit was completed and signed off by Deloitte & Touche, LLP during the first week of March 2004 and a copy of the audited financial statement is enclosed herewith. The next audit of the GFATM Trust Fund will be for the calendar year 2004 (January 1 to December 31, 2004) and will be prepared in January/ February 2005.

6. *System development:* In the October 2003 Trustee Report, we also reported on the automated Business System development. In early March, the Trustee and secretariat staff met to review the automated business system development to discuss the system design. The objective of this discussion was to ensure that the design meets the current needs of the Global Fund and also has the flexibility to accommodate potential changes in the financial processes of the Trust Fund (e.g. changes in Phase 2 renewal process or the implementation of replenishment model).

7. *Ongoing work program:* In the coming months, Trustee will be working with the Secretariat to further refine the financial procedures including processes for suspension and cancellations of project grants as highlighted by the recent Ukraine case and for Phase II renewals. Furthermore, Trustee will continue to assist the Secretariat in developing the operational framework of funding that uses promissory notes and more generally operates under a replenishment model. Major movement in the US Dollar against other currencies has triggered the need to look for a mechanism to mitigate the effects of the foreign currency exposure to the Global Fund and the grant recipients. Trustee will assist the Secretariat in assessing alternative mechanisms and their feasibility.

**GFATM Trust Fund**

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**

*Expressed in U.S. dollars*

|  | <b>May 31, 2002<br/>(inception) to<br/>February 29, 2004</b> |
|--|--|
| <b><u>Receipts</u></b>                         |  |
| <b><u>Cash Contributions:</u></b>              |  |
| Andorra  | \$ 100,000   |
| Austria  | 1,075,900  |
| Belgium  | 12,207,409   |
| Burkina Faso                                   | 75,000   |
| Canada   | 50,000,000   |
| People's Republic of China                     | 2,000,000  |
| Denmark  | 28,607,377   |
| European Commission                            | 349,470,885  |
| France   | 59,215,000   |
| Gates Foundation                               | 100,000,000  |
| Germany  | 61,609,125   |
| Ireland  | 27,219,930   |
| Italy  | 215,160,273  |
| Japan  | 160,393,779  |
| Liechtenstein                                  | 100,000  |
| Luxembourg                                     | 2,132,320  |
| Monaco   | 88,000   |
| Netherlands                                    | 51,677,760   |
| New Zealand                                    | 734,000  |
| Nigeria  | 9,080,914  |
| Norway   | 35,671,584   |
| Poland   | 20,000   |
| Portugal                                       | 400,000  |
| Russian Federation                             | 6,250,000  |
| Saudi Arabia                                   | 2,500,000  |
| SouthAfrica                                    | 2,000,000  |
| Spain  | 35,000,000   |
| Sweden   | 33,858,328   |
| Switzerland                                    | 10,000,105   |
| Thailand                                       | 2,000,000  |
| United Kingdom                                 | 118,248,028  |
| United Nations Foundation                      | 4,250,000  |
| United States                                  | 622,725,000  |
| World Health Organization                      | 205,323  |
| Zimbabwe                                       | 158,462  |
| Total cash contributions                       | <u>2,004,234,502</u>   |
| <b><u>Promissory Notes Contributions:</u></b>  |  |
| France - Note 1                                | <u>63,220,000</u>  |
| <b>Total contributions</b>                     | <b><u>2,067,454,502</u></b>                                  |
| Investment income earned on cash contributions | <u>40,446,612</u>  |
| <b>Total receipts</b>                          | <b><u>2,107,901,114</u></b>                                  |

|   | <b>contd....Annex I</b> |
|---|-------------------------|
| <b><u>Disbursements</u></b>   |                         |
| Payments to GFATM   | 1,200,000               |
| Payments to WHO   | 68,777,818              |
| Payments for trustee administrative fees                                    | 4,190,000               |
| Payments for administrative expenses  | 277,549                 |
| Projects disbursements  | 249,251,185             |
| <b>Total disbursements</b>  | <b>323,696,552</b>      |
| <b>Excess of receipts over disbursements</b>                                | <b>\$ 1,784,204,562</b> |
| <b><u>Consisting of:</u></b>  |                         |
| <b>Cash and Investments:</b>  |                         |
| Uncommitted   | \$ 831,057,720          |
| Committed for grants  | 866,051,709             |
| Committed for administrative expenses                                       | 23,875,133              |
| <b>Promissory Notes</b>   | <b>\$ 63,220,000</b>    |
| <hr/>   |                         |
| Note 1: U.S. dollars equivalent of Euro 50 million as of February 29, 2004. |                         |

GFATM Trust Fund

Commitments and Disbursements for Approved Operating Budgets  
as of February 29, 2004  
(in USDs)

| Agency  | Trustee<br>Commitment<br>Date | Committed<br>Funds | Amount of<br>Disbursement | Committed Funds<br>Available for<br>Disbursement |
|---|-------------------------------|--------------------|---------------------------|--|
| WHO   | 6/12/2002                     | 5,177,818.00       | 5,177,818.00              | 0.00   |
| WHO   | 9/23/2002                     | 3,300,000.00       | 3,300,000.00              | 0.00   |
| GFATM   | 9/23/2002                     | 300,000.00         | 300,000.00                | 0.00   |
| WHO   | 11/25/2002                    | 9,500,000.00       | 9,500,000.00              | 0.00   |
| GFATM   | 12/3/2002                     | 400,000.00         | 400,000.00                | 0.00   |
| WHO   | 12/20/2002                    | 10,000,000.00      | 10,000,000.00             | 0.00   |
| World Bank (other operational<br>expenses)                                    | 1/31/2003                     | 256,000.00         | 159,300.00                | 96,700.00  |
| World Bank (Trustee Fee for CYO2)   | 4/29/2003                     | 2,320,000.00       | 2,320,000.00              | 0.00   |
| WHO   | 5/5/2003                      | 7,000,000.00       | 7,000,000.00              | 0.00   |
| World Bank (Trustee Fee for CYO3)   | 6/26/2003                     | 1,870,000.00       | 1,870,000.00              | 0.00   |
| WHO   | 7/22/2003                     | 9,000,000.00       | 9,000,000.00              | 0.00   |
| World Bank (other operational<br>expenses)                                    | 7/31/2003                     | 87,500.00          | 0.00                      | 87,500.00  |
| WHO   | 7/31/2003                     | 9,849,682.00       | 9,849,682.00              | 0.00   |
| GFATM   | 7/31/2003                     | 600,000.00         | 500,000.00                | 100,000.00                                       |
| WHO   | 1/8/2004                      | 35,491,000.00      | 14,950,318.00             | 20,540,682.00                                    |
| GFATM   | 1/21/2004                     | 1,000,000.00       | 0.00                      | 1,000,000.00                                     |
| World Bank (other operational<br>expenses/ secondment)                        | 1/21/2004                     | 168,500.00         | 118,249.41                | 50,250.59  |
| World Bank (Trustee Fee for CY04)   | 1/21/2004                     | 2,000,000.00       | 0.00                      | 2,000,000.00                                     |
| <b>Total Commitments and Disbursements for<br/>Approved Operating Budgets</b> |                               | <b>98,320,500</b>  | <b>74,445,367</b>         | <b>23,875,133</b>                                |