



Investing in our future

**The Global Fund**

To Fight AIDS, Tuberculosis and Malaria

**Thirteenth Board Meeting  
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**GF/B13/11  
Revision 1**

## **RESOURCE FORECAST**

**Outline:** This paper informs the Board of assets forecast to be available for approval of new proposals in 2006 if the Comprehensive Funding Policy were amended in accordance with the recommendation of FAC to the Thirteenth Board Meeting.

## Part 1: Forecast

1 If the Comprehensive Funding Policy were amended in accordance with the recommendation of FAC to the Thirteenth Board Meeting, FAC would present to the Fourteenth Board meeting an updated forecast of the assets available for Round 6 (if approved at that meeting).

2 That forecast would enable the Board to make the determination required by the amended terms of the Comprehensive Funding Policy:

“The Board may approve proposals ... up to the uncommitted amount of assets that the Board determines will be available at the time of signing the related grant agreements ...”

(Note: The CFP defines ‘assets’ as cash and public demand promissory notes)

3 In advance of that forecast, the table below summarizes a range of forecasts of the assets available for Round 6, based on various assumptions regarding the amount of pledges for 2007 and the timing of contributions and grant signings.

<b>Forecast of Amount Available for Round 6, if approved in November 2006, as estimated at 27 April 2006.</b>				
<u>Pledge scenarios:</u>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	As currently confirmed for 2007	At same level as for 2006	At 2006 level plus \$0.2bn	At 2006 level plus \$0.3bn
<b>IF pledges for 2007 =</b>	\$bn	\$bn	\$bn	\$bn
	<b>1.4</b>	<b>1.8</b>	<b>2.0</b>	<b>2.1</b>
<u>Pledges for 2006</u>	1.8	1.8	1.8	1.8
<u>Total pledges 2006-2007</u>	3.2	3.6	3.8	3.9
<b><u>Amount available for Round 6 in 2006:</u></b>	↓	↓	↓	↓
<b>If assumed that 100% of grants are signed ...</b>	\$m	\$m	\$m	\$m
(a) within 6 months following approval	0	205	245	260
(b) within 8 months following approval	0	300	400	440
(c) within 9 months following approval	0	300	475	565

## 4 Methodology

- The estimates are based on a month-by-month forecast of the contributions received and grant commitments arising on signing new grant agreements and Phase 2 renewals (see example at Annex 2).

- Pledges are assumed to follow the monthly contribution pattern as averaged over 2004 and 2005 (including that 10% of pledges are not contributed until the following year).
- New grant signings by month are estimated under 3 scenarios, respectively assuming that 100% of a new round is signed within 6, 8 and 9 months following Board approval. (In each case, an acceleration of grant signing is assumed as compared to Round 4, where 38% of the round had been signed within 9 months.) Phase 2 renewals are assumed to be signed 2 months following approval.
- This is a preliminary estimate, to be further refined and updated in advance of Board approval of Round 6.

## Annex 1: Summary of calculations for two of the scenarios (as examples).

These are summaries of the detailed month-by-month calculations illustrated in Annex 2

### Example 1 – if grants signed within 6 months (and \$2.1m pledged for 2007)

Assumes pledges of \$2.1bn for 2007 and that all grants are signed within 6 months of approval		Movements on Uncommitted Assets			Movements on Uncommitted Assets from Pledges for and Grants Approved in 2006 and 2007								
	USDm	2006	2007	Later	2006				2007				Later
	USDm	USDm	USDm	USDm	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Uncommitted Assets at start of period	1,219	1,219	391	309	1,219	1,175	503	774	391	3	286	546	309
<u>Pledges not contributed by end 2005:</u>													
Pledges for 2005	181	181	-		78	103	-	-	-	-	-	-	
Pledges for 2006	1,804	1,624	180		181	541	812	90	180	-	-	-	
Pledges for 2007	2,100	-	1,890	210	-	-	-	-	252	588	945	105	210
Operating expenses, less investment income	(10)	(8)	(2)		(8)	-	-	-	(2)	-	-	-	
<b>Total pledges</b>	<b>4,075</b>	<b>1,797</b>	<b>2,068</b>	<b>210</b>	<b>251</b>	<b>644</b>	<b>812</b>	<b>90</b>	<b>430</b>	<b>588</b>	<b>945</b>	<b>105</b>	<b>210</b>
<b>Uncommitted Assets available in period</b>	<b>5,294</b>	<b>3,016</b>	<b>2,459</b>	<b>519</b>	<b>1,470</b>	<b>1,819</b>	<b>1,315</b>	<b>865</b>	<b>821</b>	<b>591</b>	<b>1,231</b>	<b>651</b>	<b>519</b>
<u>Needs, before new rounds</u>													
Phase 2 signings - approved in 2005	589	589	-		200	389	-	-	-	-	-	-	
Phase 2 signings - approved in 2006 & 2007	3,194	1,274	1,890	30	-	389	411	474	662	201	685	342	30
Round 5 signings in 2005	705	762	-		95	538	129	-	-	-	-	-	
<b>Total grant signing needs</b>	<b>4,545</b>	<b>2,625</b>	<b>1,890</b>	<b>30</b>	<b>295</b>	<b>1,316</b>	<b>540</b>	<b>474</b>	<b>662</b>	<b>201</b>	<b>685</b>	<b>342</b>	<b>30</b>
Uncommitted assets available through period end	749	391	569		1,175	503	774	391	159	390	546	309	
<b>New Round</b> (if approved in November 2006)	<b>260</b>	-	<b>260</b>		-	-	-	-	156	104	-	-	-
<b>Uncommitted Assets, AFTER new rounds</b>	<b>489</b>	<b>391</b>	<b>309</b>	<b>489</b>	<b>1,175</b>	<b>503</b>	<b>774</b>	<b>391</b>	<b>3</b>	<b>286</b>	<b>546</b>	<b>309</b>	<b>489</b>

### Example 2 – if grants signed within 9 months (and \$2.1m pledged for 2007)

Assumes pledges of \$2.1bn for 2007 and that all grants are signed within 9 months of approval		Movements on Uncommitted Assets			Movements on Uncommitted Assets from Pledges for and Grants Approved in 2006 and 2007								
	USDm	2006	2007	Later	2006				2007				Later
	USDm	USDm	USDm	USDm	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Uncommitted Assets at start of period	1'219	1'219	391	4	1'219	1'175	503	774	391	91	151	241	4
<u>Pledges not contributed by end 2005:</u>													
Pledges for 2005	181	181	-		78	103	-	-	-	-	-	-	
Pledges for 2006	1'804	1'624	180		181	541	812	90	180	-	-	-	
Pledges for 2007	2'100	-	1'890	210	-	-	-	-	252	588	945	105	210
Operating expenses, less investment income	(10)	(8)	(2)		(8)	-	-	-	(2)	-	-	-	
<b>Total pledges</b>	<b>4'075</b>	<b>1'797</b>	<b>2'068</b>	<b>210</b>	<b>251</b>	<b>644</b>	<b>812</b>	<b>90</b>	<b>430</b>	<b>588</b>	<b>945</b>	<b>105</b>	<b>210</b>
<b>Uncommitted Assets available in period</b>	<b>5'294</b>	<b>3'016</b>	<b>2'459</b>	<b>214</b>	<b>1'470</b>	<b>1'819</b>	<b>1'315</b>	<b>865</b>	<b>821</b>	<b>679</b>	<b>1'096</b>	<b>346</b>	<b>214</b>
<u>Needs, before new rounds</u>													
Phase 2 signings - approved in 2005	589	589	-		200	389	-	-	-	-	-	-	
Phase 2 signings - approved in 2006 & 2007	3'194	1'274	1'890	30	-	389	411	474	662	201	685	342	30
Round 5 signings in 2005	762	762	-		95	538	129	-	-	-	-	-	
<b>Total grant signing needs</b>	<b>4'545</b>	<b>2'625</b>	<b>1'890</b>	<b>30</b>	<b>295</b>	<b>1'316</b>	<b>540</b>	<b>474</b>	<b>662</b>	<b>201</b>	<b>685</b>	<b>342</b>	<b>30</b>
Uncommitted assets available through period end	749	391	569		1'175	503	774	391	159	478	410	4	
<b>New Round</b> (if approved in November 2006)	<b>565</b>	-	<b>565</b>		-	-	-	-	68	328	170	-	-
<b>Uncommitted Assets, AFTER new rounds</b>	<b>184</b>	<b>391</b>	<b>4</b>	<b>184</b>	<b>1'175</b>	<b>503</b>	<b>774</b>	<b>391</b>	<b>91</b>	<b>151</b>	<b>241</b>	<b>4</b>	<b>184</b>

Annex 2 illustrates the month-by-month calculations that are summarized in Example 2 above.

## Annex 2: Month-by-month forecast of contributions and grant signing needs.

Principle: Uncommitted assets at end of any month must not be negative -- it is this that limits the size of the new round.

This example is for pledges of \$2.1bn in 2007 and grants signed within 9 months of approval. Similar analyses underlie each scenario.

Assumes pledges of \$2.1bn for 2007 and that all grants are signed within 9 months of approval		Movements on Uncommitted Assets from Pledges for and Grants Approved in 2006 and 2007											
		2006											
	USDm	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Uncommitted Assets at start of period	1'219	1'219	1'187	1'169	1'175	780	402	503	434	439	774	694	337
<u>Pledges not contributed by end 2005:</u>													
Pledges for 2005	181			78		103							
Pledges for 2006	1'804	5	43	133	36	289	216	307	72	433	-	18	72
Pledges for 2007	2'100												
Operating expenses, less investment income	(10)	(8)											
<b>Total pledges</b>	<b>4'075</b>	<b>(3)</b>	<b>43</b>	<b>211</b>	<b>36</b>	<b>392</b>	<b>216</b>	<b>307</b>	<b>72</b>	<b>433</b>	<b>-</b>	<b>18</b>	<b>72</b>
<b>Uncommitted Assets available in period</b>	<b>5'294</b>												
<u>Needs, before new rounds</u>													
Phase 2 signings - approved in 2005	589	15	33	152	100	289							
Phase 2 signings - approved in 2006 & 2007	3'194				134	240	15	295	56	60	80	375	19
Round 5 signings in 2005	762	14	28	52	197	241	100	81	12	37			
<b>Total grant signing needs</b>	<b>4'545</b>	<b>29</b>	<b>61</b>	<b>204</b>	<b>431</b>	<b>770</b>	<b>115</b>	<b>376</b>	<b>68</b>	<b>97</b>	<b>80</b>	<b>375</b>	<b>19</b>
Uncommitted assets available through period end	749	1'187	1'169	1'175	780	402	503	434	439	774	694	337	391
<b>New Round</b> (if approved in November 2006)	<b>565</b>												
<b>Uncommitted Assets, AFTER new rounds</b>	<b>184</b>	<b>1'187</b>	<b>1'169</b>	<b>1'175</b>	<b>780</b>	<b>402</b>	<b>503</b>	<b>434</b>	<b>439</b>	<b>774</b>	<b>694</b>	<b>337</b>	<b>391</b>

continued...

		Movements on Uncommitted Assets from Pledges for and Grants Approved in 2006 and 2007													
		2007												2008	
	USDm	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Uncommitted Assets at start of period		391	573	136	91	150	56	151	101	6	241	163	95	4	204
<u>Pledges not contributed by end 2005:</u>															
Pledges for 2005															
Pledges for 2006	180														
Pledges for 2007	42	84	126	168	168	252	357	84	504	-	21	84		210	
Operating expenses, less investment income	(2)														
<b>Total pledges</b>	<b>220</b>	<b>84</b>	<b>126</b>	<b>168</b>	<b>168</b>	<b>252</b>	<b>357</b>	<b>84</b>	<b>504</b>	<b>-</b>	<b>21</b>	<b>84</b>	<b>210</b>	<b>-</b>	
<b>Uncommitted Assets available in period</b>															
<u>Needs, before new rounds</u>															
Phase 2 signings - approved in 2005															
Phase 2 signings - approved in 2006 & 2007		21	504	138	35	149	16	237	179	269	78	89	175	10	20
Round 5 signings in 2005															
<b>Total grant signing needs</b>	<b>21</b>	<b>504</b>	<b>138</b>	<b>35</b>	<b>149</b>	<b>16</b>	<b>237</b>	<b>179</b>	<b>269</b>	<b>78</b>	<b>89</b>	<b>175</b>	<b>10</b>	<b>20</b>	
Uncommitted assets available through period end		590	153	125	224	169	292	271	6	241	163	95	4	204	184
<b>New Round</b> (if approved in November 2006)		17	17	34	73	113	141	170	-	-	-	-	-		
<b>Uncommitted Assets, AFTER new rounds</b>		<b>573</b>	<b>136</b>	<b>91</b>	<b>150</b>	<b>56</b>	<b>151</b>	<b>101</b>	<b>6</b>	<b>241</b>	<b>163</b>	<b>95</b>	<b>4</b>	<b>204</b>	<b>184</b>

### Observation:

Uncommitted assets at the end of the period amount to US\$184k, after fully covering commitments for the new round (of \$565m). However these assets are not available for the round, because they arise from contributions (forecast to be) received after the grants have been signed. Earlier contribution of pledges – by cash or promissory note – would make more assets available for grant signings (and hence for grant approvals).