



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

Twenty-Third Board Meeting
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GF/B23/17
For Information

FORECAST OF ASSETS AVAILABLE FOR GRANT APPROVALS

PURPOSE: This paper outlines the assets forecast to be available for grant approvals and commitments in 2011-2013. This forecast will be updated later in the year.

EXECUTIVE SUMMARY

1 Based on currently confirmed pledges, taking into account recent decisions made at the Twenty-Second Board Meeting, and including funding for Round 10 appealed proposals, there will be an excess of assets over commitment needs during 2011 of **USD 252 million**.

2 Based on the outcome of the 3rd Replenishment, additional pledges and contributions are expected between 2011 and 2013. Assuming that these additional contributions are received, it is forecast that USD 1,754 million uncommitted assets would be available at the end of 2013.

3 At the Twenty-Second Board meeting, the Secretariat was requested to analyze the impact of delaying the launch of Round 11. Based on the analysis, a *maximum* of USD 202 million is needed during 2012 to ensure no program interruption to expiring grants. This additional amount is forecast to be covered by additional contributions received before the end of 2011 and during 2012.

Part 1: Assets available – taking account of currently confirmed pledges only

1.1 Based on currently confirmed pledges, uncommitted assets of USD 252 million are forecast to be available at the end of 2011 after meeting commitment needs in 2011 (including USD 21 million for Round 10 Appeals approved in March). At the end of 2013 a shortfall of USD 338 million is forecast after meeting projected commitment needs before the end of 2013.

| Forecast of Assets Available for Grant Approvals (including New Rounds) | | | | | US\$ millions | | | |
|--|------------------|------------------------------------|--------------|---------------------------|---------------------|--------------|--------------|--------------|
| | | | | | US\$m | US\$m | US\$m | |
| Uncommitted Assets at start of period | | | | | (A) | 1,301 | 252 | (293) |
| Contribution of Pledges (not contributed by end 2009) | | | | | | | | |
| Contribution of pledges for years prior to 2010 | | | | | | - | - | - |
| | <u>Confirmed</u> | <u>Additional</u> | <u>Total</u> | <u>Paid in prior year</u> | | | | |
| Contribution of pledges for 2010 | 3,163 | - | 3,163 | (173) | 408 | - | - | |
| Contribution of pledges for 2011 | 2,887 | - | 2,887 | | 2,887 | - | - | |
| Contribution of pledges for 2012 | 3,046 | - | 3,046 | | - | 3,046 | - | |
| Contribution of pledges for 2013 | 3,389 | - | 3,389 | | - | - | 3,389 | |
| Investment income, minus operating expenses | | | | | | (95) | (121) | (131) |
| Total contributions forecast | | | | | (B) | 3,200 | 2,925 | 3,258 |
| Assets available | | | | | (A+B=) (C) | 4,501 | 3,177 | 2,965 |
| Required for commitments before new rounds: | | | | | | | | |
| Phase 2 signings | | | | | | 1,133 | 2,065 | 2,157 |
| Rolling Continuation Channel signings (RCC1 & RCC2) | | | | | | 621 | 845 | 746 |
| Grants in Single Stream of Funding | | | | | | 3 | 440 | - |
| Round 8 grants approved in 2009 and signed in 2010 and later | | | | | | 33 | - | - |
| Round 9 grants approved in 2009 & 2010 and signed in 2010 and later | | | | | | 688 | 120 | - |
| Grant de-commitments (upon closure) | | | | | | - | - | - |
| Grant signing needs, before new Rounds | | | | | (D) | 2,478 | 3,470 | 2,903 |
| Uncommitted assets available BEFORE new Rounds and add. to Commit. Reserve | | | | | (C-D=) (E) | 2,023 | (293) | 62 |
| New Rounds: | | | | | | | | |
| | | <u>Time and amount of approval</u> | | | | | | |
| Round 10 | | December 2010 | 1,743 | | 1,750 | - | - | |
| Round 10 Appeals | | March 2011 | 21 | | 21 | - | - | |
| Phase 2 of Round 10 | | | | | - | - | 399 | |
| Total New Round grants | | | | | 1,764 (F) | 1,772 | - | 399 |
| Addition to / release from Commitment Reserve for renewals | | | | | (G) | - | - | - |
| Uncommitted assets available for new Rounds AFTER addition to Commitment Reserve for renewals | | | | | (E-F+G=) (H) | 252 | (293) | (338) |

Part 2: Assets available – assuming additional pledges of USD 364 million for 2011, USD 851 million for 2012 and USD 862 million for 2013

2.1 Based on the outcome of the 3rd Replenishment, it is expected that additional contributions will be received from donors that have not yet pledged and from other donors who do not pledge. Assuming that these additional contributions are received, it is forecast that USD 630 million of uncommitted assets will be available at the end of 2011 and USD 1,754 million at the end of 2013.

| Forecast of Assets Available for Grant Approvals (including New Rounds) | | | | | US\$ millions | | |
|---|------------------|------------------------------------|--------------|---------------------------|---------------|--------------|--------------|
| | | | | | US\$m | US\$m | US\$m |
| Uncommitted Assets at start of period (A) | | | | | 1,301 | 630 | 937 |
| Contribution of Pledges (not contributed by end 2009) | | | | | | | |
| Contribution of pledges for years prior to 2010 | | | | | | | |
| | <u>Confirmed</u> | <u>Additional</u> | <u>Total</u> | <u>Paid in prior year</u> | - | - | - |
| Contribution of pledges for 2010 | 3,163 | - | 3,163 | (173) | 408 | - | - |
| Contribution of pledges for 2011 | 2,902 | 364 | 3,265 | | 3,265 | - | - |
| Contribution of pledges for 2012 | 3,046 | 851 | 3,897 | | - | 3,897 | - |
| Contribution of pledges for 2013 | 3,389 | 862 | 4,251 | | - | - | 4,251 |
| Investment income, minus operating expenses | | | | | (95) | (121) | (131) |
| Total contributions forecast (B) | | | | | 3,579 | 3,777 | 4,120 |
| Assets available (A+B=) (C) | | | | | 4,880 | 4,407 | 5,056 |
| Required for commitments before new rounds: | | | | | | | |
| Phase 2 signings | | | | | 1,133 | 2,065 | 2,157 |
| Rolling Continuation Channel signings (RCC1 & RCC2) | | | | | 621 | 845 | 746 |
| Grants in Single Stream of Funding | | | | | 3 | 440 | - |
| Round 8 grants approved in 2009 and signed in 2010 and later | | | | | 33 | - | - |
| Round 9 grants approved in 2009 & 2010 and signed in 2010 and later | | | | | 688 | 120 | - |
| Grant de-commitments (upon closure) | | | | | - | - | - |
| Grant signing needs, before new Rounds (D) | | | | | 2,478 | 3,470 | 2,903 |
| Uncommitted assets available BEFORE new Rounds and add. to Commit. Reserve (C-D=) (E) | | | | | 2,402 | 937 | 2,153 |
| New Rounds: | | | | | | | |
| | | <u>Time and amount of approval</u> | | | | | |
| Round 10 | | December 2010 | 1,743 | | 1,750 | - | - |
| Round 10 Appeals | | March 2011 | 21 | | 21 | - | - |
| Phase 2 of Round 10 | | | | | - | - | 399 |
| Total New Round grants | | | | | 1,764 | (F) | 1,772 |
| Addition to / release from Commitment Reserve for renewals (G) | | | | | - | - | - |
| Uncommitted assets available for new Rounds AFTER addition to Commitment Reserve for renewals (E-F+G=) (H) | | | | | 630 | 937 | 1,754 |

Part 3: Impact of delayed Round 11

3.1 At its Twenty-Second meeting, the Board requested the Secretariat to undertake an analysis of the potential impact of program implementation being interrupted as a consequence of the timing of funding decisions on Round 11 being at the first meeting of 2012 rather than at the end of 2011 and to report its findings to the Finance and Audit Committee (FAC) and the Portfolio Implementation Committee (Decision Point GF/B22/DP25).

3.2 Based on the analysis conducted, it is expected that a *maximum* of USD 202 million will be needed to provide bridge funding to ensure that no interruptions occur. However, this is a very conservative estimate (the actual amount is likely to be significantly less). Given the timing of those grants that would experience interruption, the additional funding is forecast to be needed during 2012. Assuming that expected additional contributions are received, it is forecast that funding will be available to fully cover the additional bridge funding.

| Forecast of Assets Available for Grant Approvals (including New Rounds) | | | | US\$ millions | | |
|--|------------------------------------|-------------------|--------------|---------------------------|--------------|--------------|
| | | | | 2011 | 2012 | 2013 |
| | | | | US\$m | US\$m | US\$m |
| Uncommitted Assets at start of period (A) | | | | 1,301 | 630 | 735 |
| Contribution of Pledges (not contributed by end 2009) | | | | | | |
| Contribution of pledges for years prior to 2010 | | | | - | - | - |
| | Confirmed | Additional | Total | Paid in prior year | | |
| Contribution of pledges for 2010 | 3,163 | - | 3,163 | (173) | 408 | - |
| Contribution of pledges for 2011 | 2,902 | 364 | 3,265 | | 3,265 | - |
| Contribution of pledges for 2012 | 3,046 | 851 | 3,897 | | - | 3,897 |
| Contribution of pledges for 2013 | 3,389 | 862 | 4,251 | | - | - |
| Investment income, minus operating expenses | | | | (95) | (121) | (131) |
| Total contributions forecast (B) | | | | 3,579 | 3,777 | 4,120 |
| Assets available (A+B=C) | | | | 4,880 | 4,407 | 4,854 |
| Required for commitments before new rounds: | | | | | | |
| Phase 2 signings | | | | 1,133 | 2,065 | 2,157 |
| Rolling Continuation Channel signings (RCC1 & RCC2) | | | | 621 | 845 | 746 |
| Grants in Single Stream of Funding | | | | 3 | 440 | - |
| Round 8 grants approved in 2009 and signed in 2010 and later | | | | 33 | - | - |
| Round 9 grants approved in 2009 & 2010 and signed in 2010 and later | | | | 688 | 120 | - |
| Grant de-commitments (upon closure) | | | | - | - | - |
| Grant signing needs, before new Rounds (D) | | | | 2,478 | 3,470 | 2,903 |
| Uncommitted assets available BEFORE new Rounds and add. to Commit. Reserve (C-D=E) | | | | 2,402 | 937 | 1,951 |
| New Rounds: | | | | | | |
| | <u>Time and amount of approval</u> | | | | | |
| Round 10 | December 2010 | | 1,743 | 1,750 | - | - |
| Round 10 Appeals | March 2011 | | 21 | 21 | - | - |
| Phase 2 of Round 10 | | | | - | - | 399 |
| Bridge Funding | | | 202 | - | 202 | - |
| Total New Round grants | | | | 1,966 | 202 | 399 |
| Addition to / release from Commitment Reserve for renewals (G) | | | | - | - | - |
| Uncommitted assets available for new Rounds AFTER addition to Commitment Reserve for renewals (E-F+G=H) | | | | 630 | 735 | 1,552 |

ASSUMPTIONS UNDERLYING THE ESTIMATES

1. The forecast is dependent on assumptions made when making the estimates above. The basis of estimation used is as follows:

- i. Pledges: The timing of contributions is as indicated by the donor. Where no time has been indicated, an estimate is made having regard to the timing of previous contributions.
- ii. Additional Contributions: Additional Contributions are assumed based on the indication of new pledges from potential donors and on the expectation of contributions from donors who do not make pledges.
- iii. New Grants, Phase 2 renewals and Rolling Continuation of new grants approved in 2010 (but unsigned at 1 January 2011): If not already signed, the month of signing is estimated within 2011, assuming that all are signed by end of December 2011.
- iv. Phase 2 renewals approved and signed during the period: The amount of the increment approved for Phase 2 is assumed to be 75% of the maximum amount eligible for approval. This assumption is based on experience to date and modified per Board Decision Point GF/B22/DP25.
- v. Phase 2 of Rounds 8 and 9 and the First Learning Wave of National Strategy Application proposals: The maximum amount eligible for Phase 2 approval is 90% of the TRP-clarified amount for Phase 2 of the proposals approved by the Board (GF/B22/DP25).
- vi. Round 10 Signings: The timing of Round 10 grant signing is based on the best current estimate made by the Secretariat, but no later than 12 months after approval.
- vii. Foreign currency exchange rates used are as at 31 March 2011.
- viii. Some numbers may not add up due to immaterial rounding errors.

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