

Thirty-Second Board Meeting
Global Fund Mid Term Plan
2015-2017

The Global Fund Thirty-Second Board Meeting

GF/B32/05

Board Information

**THE GLOBAL FUND
MID-TERM PLAN 2015-17**

Purpose:

1. This document presents for Board information the Global Mid-Term Plan for 2015-2017, including grants, sources of funds and ALM and cash forecast. Information on grant financials for 2014 is included to provide context.
2. The 2015-17 Mid-Term Plan as contained in this document was reviewed and discussed in depth by the FOPC in November 2014.

Contents

- **Grants:**
 - **Q3 actuals and F3 2014**
 - Mid-Term Plan 2015-2017
- Sources of funds: F3 2014 and Mid-Term Plan 2014-2016
- ALM (2014-2016) and cash (2014-2015) forecast

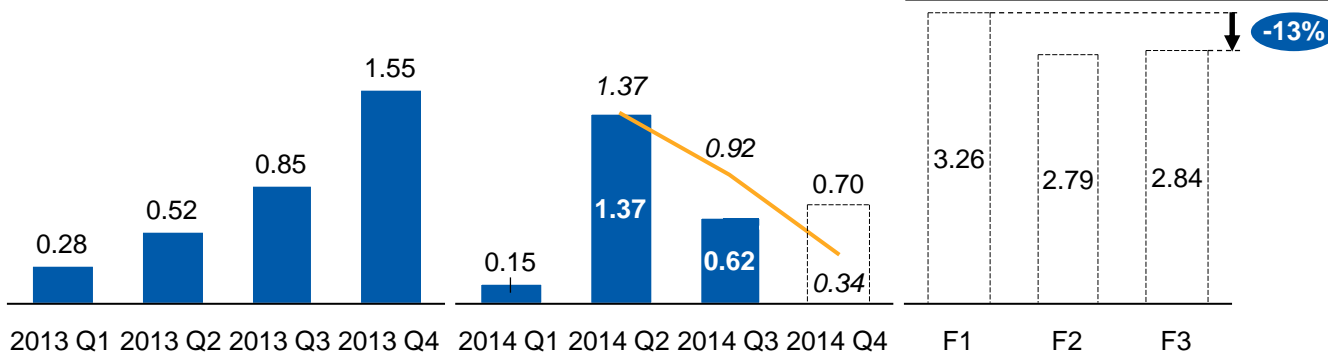
Transition to NFM and financial management explain 2014 performances

Billions USD equivalent

■ Actuals — F2 forecast □ F3 forecast

Grant expenses

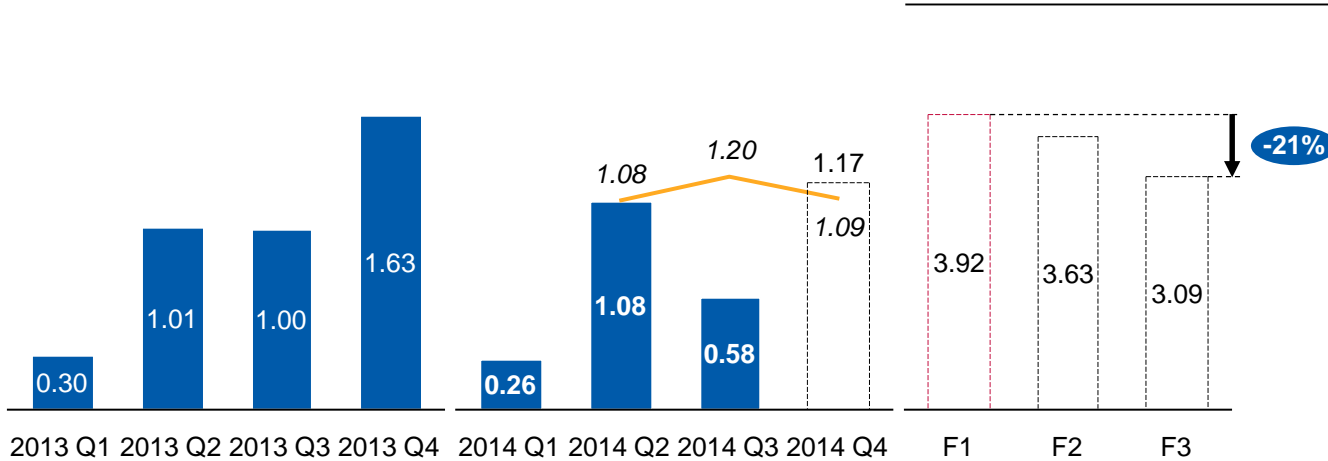
2013: \$3.20 Bn



1 In Q3 2014 actuals are below F2 forecasts both for grant expenses (\$0.62 Bn vs F2 \$0.92 Bn) and disbursements (\$0.58 Bn vs F2 \$1.20 Bn)

Disbursements

2013: \$3.95 Bn



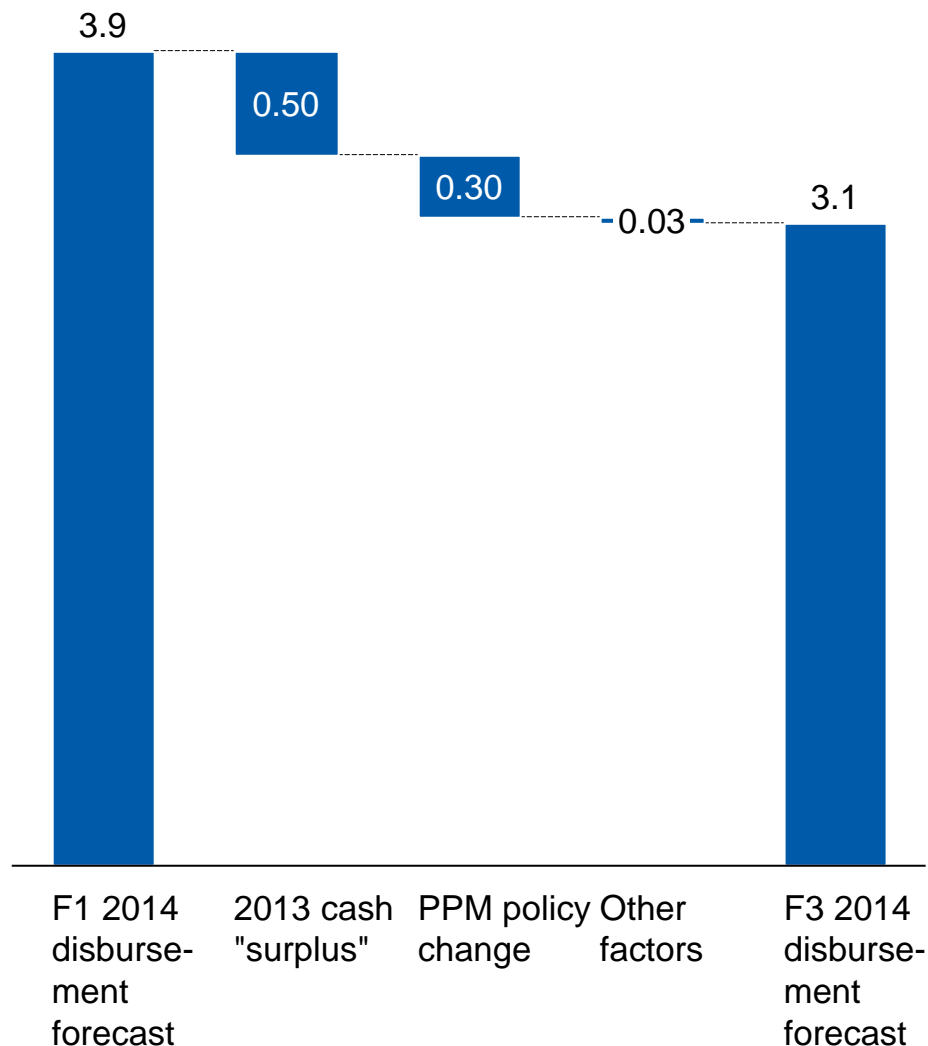
2 Q4 forecasted to be higher than F2 due to partial catch up

3 However, 2014 still forecasted to end below F1 due to initial steps of cash management

Zoom on key factors in 2014 disbursement dynamics

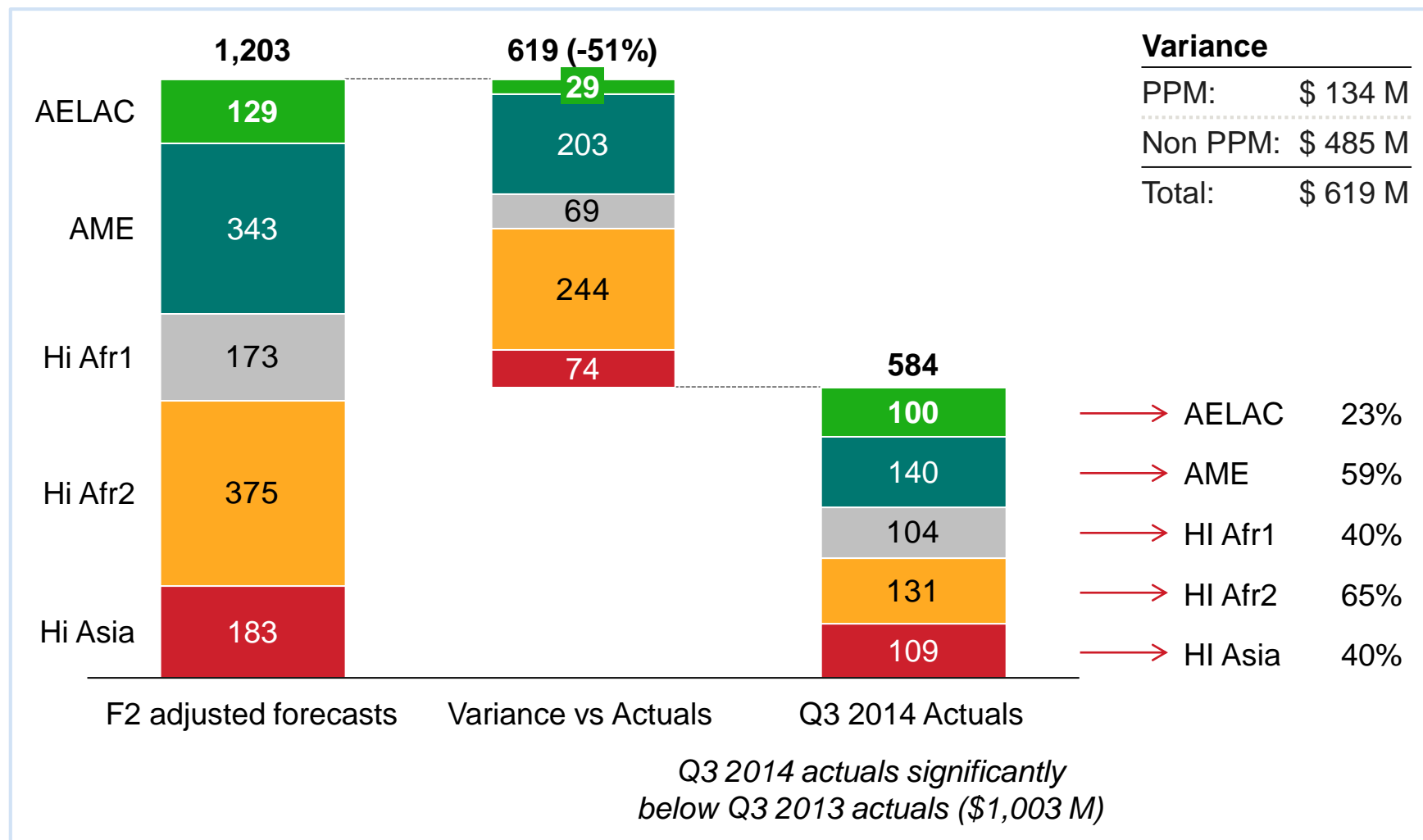
2014 disbursement now forecast at \$3.1Bn, lower than originally expected:

- **A more thoughtful approach by countries**, which are taking longer to prepare concept notes, which will lead to higher quality programs
- **No disruption of services** – steady but lower volume of disbursements will not affect any existing delivery of services
- **Following record Q4 2013 disbursement:**
 - Absorption in 2014 of previously disbursed funds
 - **\$500 million** higher cash disbursement released in Q4 2013
- **Improved payment terms for Pooled Procurement Mechanism:**
 - On delivery instead of upfront payment
 - Resulting in postponement of disbursements by 6 to 9 months
 - **Estimated financial impact: \$ 200-300 M**
- **Other factors:**
 - **Estimated impact: \$ 30–50 M**



2014 Q3 Disbursements – Variance between F2 forecast and actuals

Millions USD equivalent



Disbursements variance analysis

10 Countries with highest variance in Q3 disbursements = \$370 M (60% of variance)

- | | | | |
|--------------------|-------------------|-------------------|----------------|
| • Zimbabwe (\$85M) | • Nigeria (\$32M) | • Liberia (\$18M) | • Mali (\$16M) |
| • Zambia (\$79M) | • India (\$31M) | • Myanmar (\$18M) | |
| • Malawi (\$50M) | • Togo (\$24M) | • Guinea (\$17M) | |

Main drivers

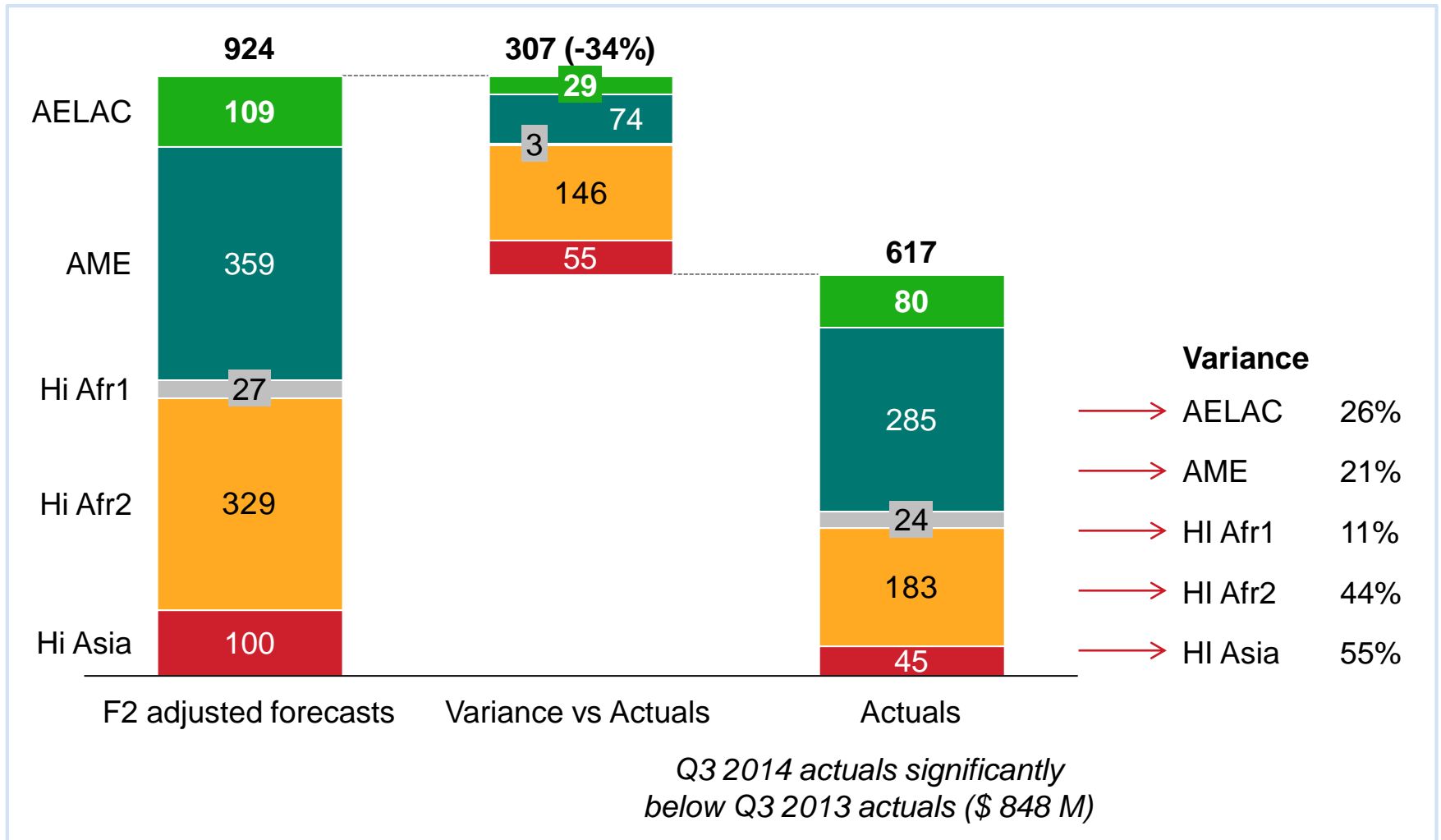
Programmatic

- Delays in the launch of LLIN campaigns (Nigeria)
- Delays in procurement schedules (Malawi, Myanmar)
- Delays in getting drug price quotation (Togo)
- Ebola outbreak (Liberia)
- Conditions precedent tied to disbursement not met (Zambia)
- Delays in grant negotiation and signing (Zimbabwe)
- Delays in PPM negotiation and submission of PUDR (India)
- Late submission of PUDR (Guinea, Mali)

Non programmatic

2014 Q3 Grant expenses – Variance between F2 forecasts and actuals

Data in Millions USD equivalent



Grant expenses variance analysis

10 Countries with highest variance in Q3 grant expenses = \$275 M (90% of variance)

- Tanzania (\$74M)
- Zimbabwe (\$53M)
- Niger (\$41M)
- India (\$22M)
- Myanmar (\$21M)
- Pakistan (\$18 M)
- Cameroon (\$12M)
- Morocco (\$12M)
- Guinea (\$12M)
- Kenya (\$10M)

Drivers

Programmatic

- Delays in implementation of activities (India)
- Delays in approval of PSM plans (Myanmar)
- Late submission of PUDR (Tanzania, Pakistan, Guinea, Mali, Kenya)

Non programmatic

- Delays in generating ADMF and overestimation in F2 forecasts (Niger)
- Delays in generating ADMF (Cameroon, Morocco)
- Amended grant making schedule (Zimbabwe)

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Key 2015-2017 MTP assumptions

Scope

- This is still an **“interim” view** based on in-house and first waves of concept notes submitted to TRP/GAC up to end of August
- Bulk of concept note submissions expected in Q4 2014

Grant duration

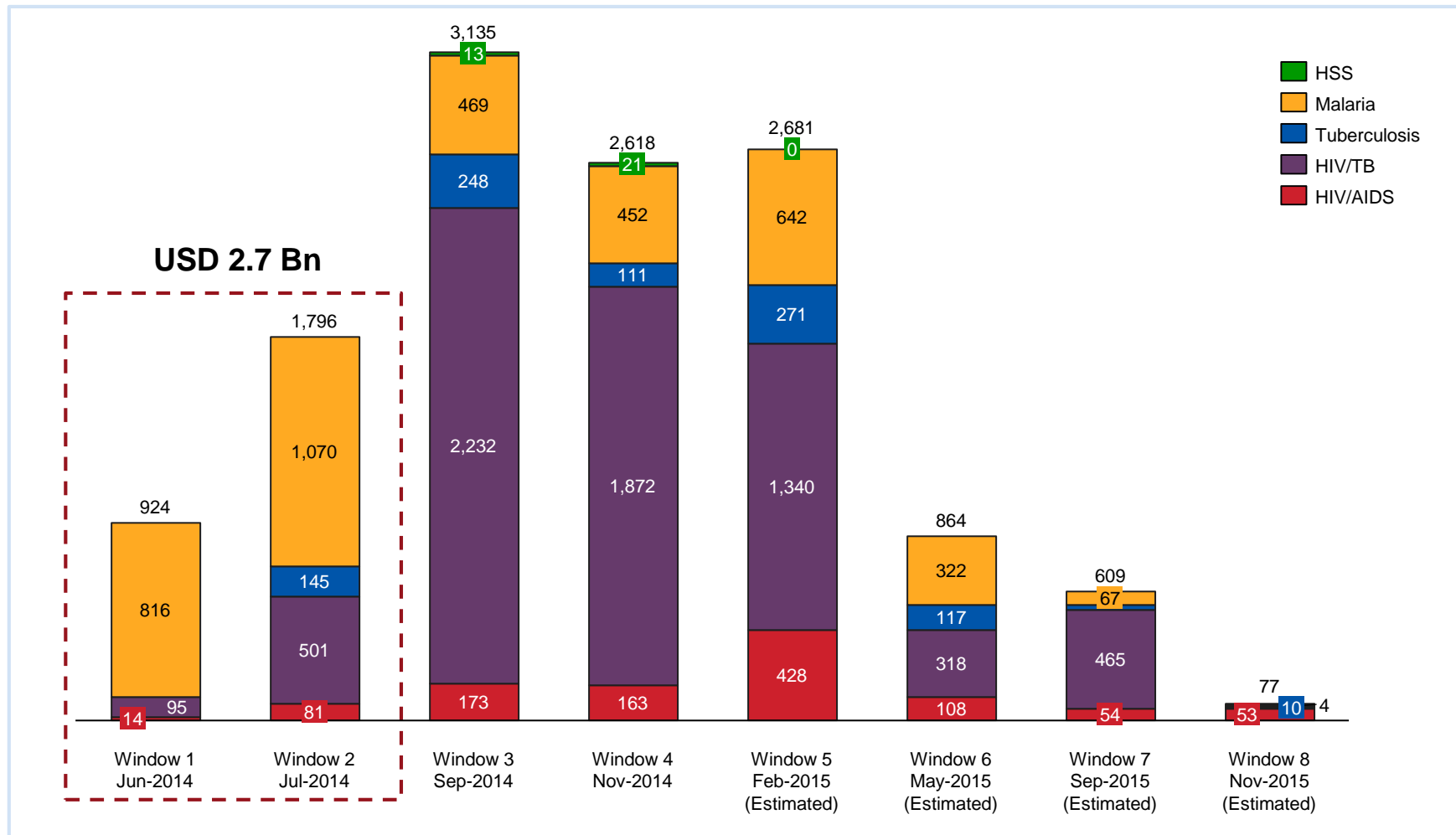
- **All known shorter grant duration cases have been reviewed** according to criteria like continuity of services, impact, funding availability and allocation status
- Better visibility over 2017 funding scenarios with identified undisbursed balance by region

Unallocated funds

- **USD 157 M Incentive Funding allocated**
- Remaining incentive funding & UQD not allocated and therefore not incorporated into available funds

Current version of MTP based on screening of concept note up to end of August

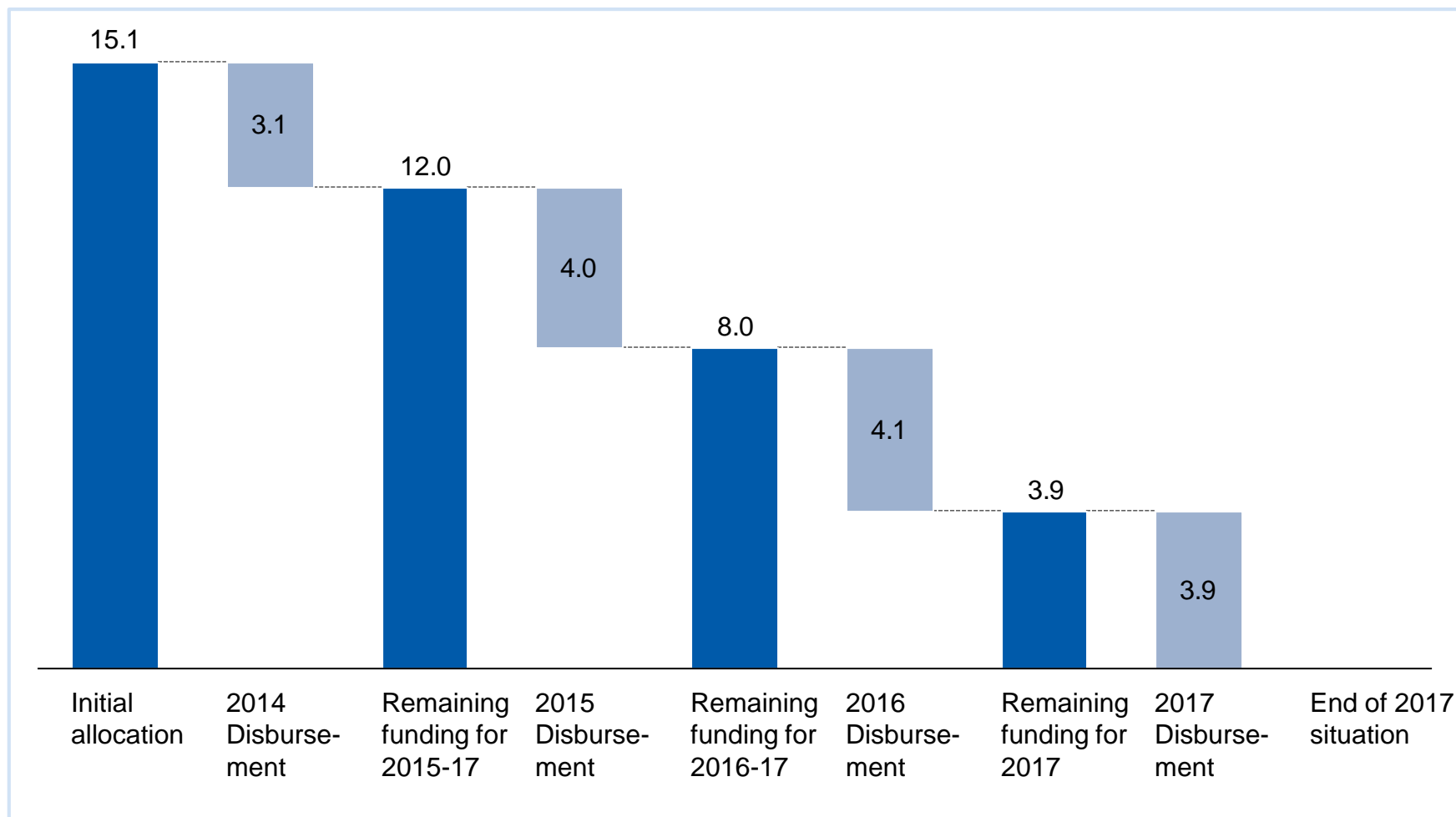
All figures in US\$ Millions
AS AT 22 OCTOBER



Under current assumed disbursement profile, balanced funding position expected at the end of 2017

Billion USD

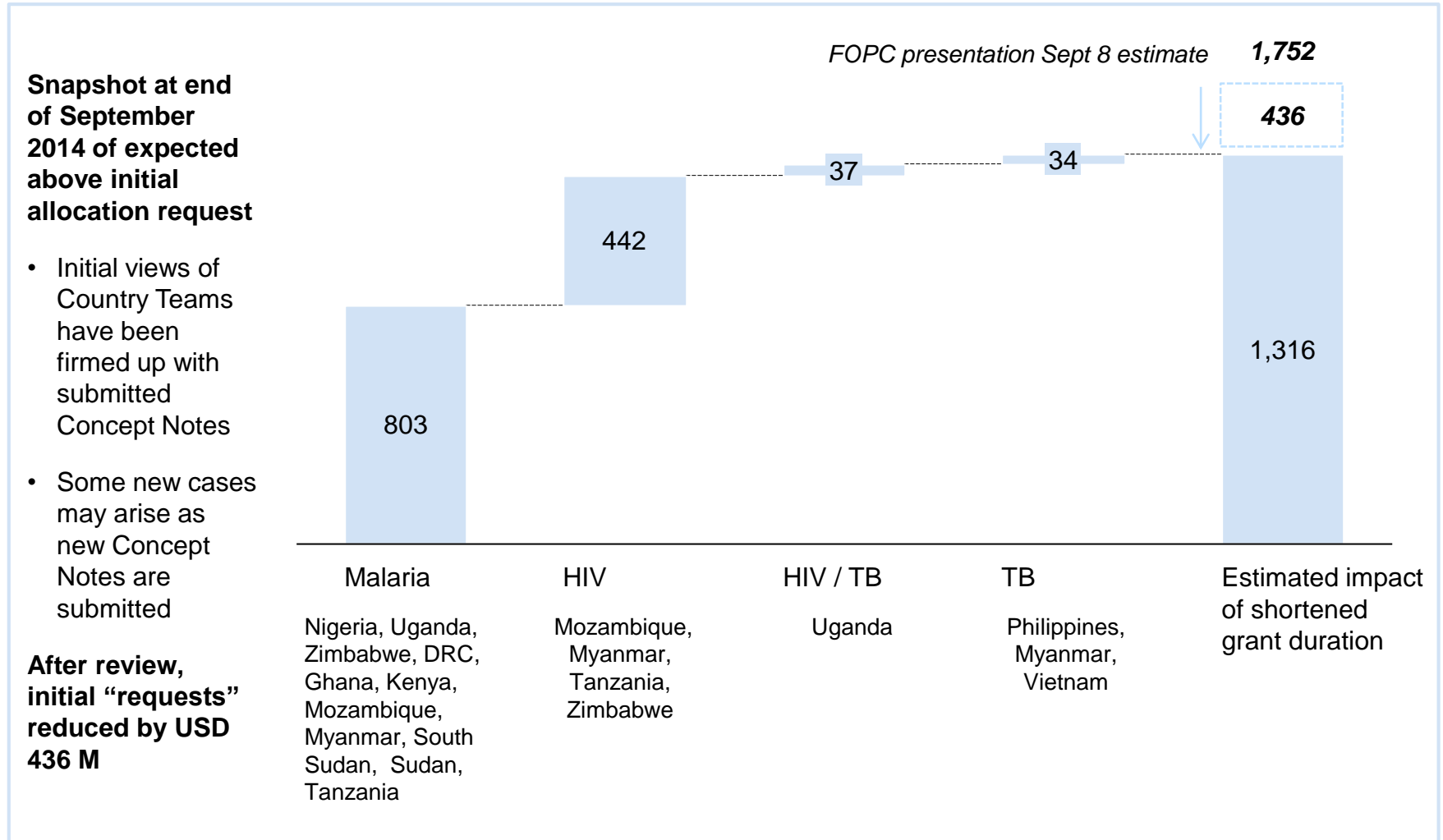
Excludes special initiatives, new regional programs, unallocated Incentive Funding



Estimated impact of shortened grant duration

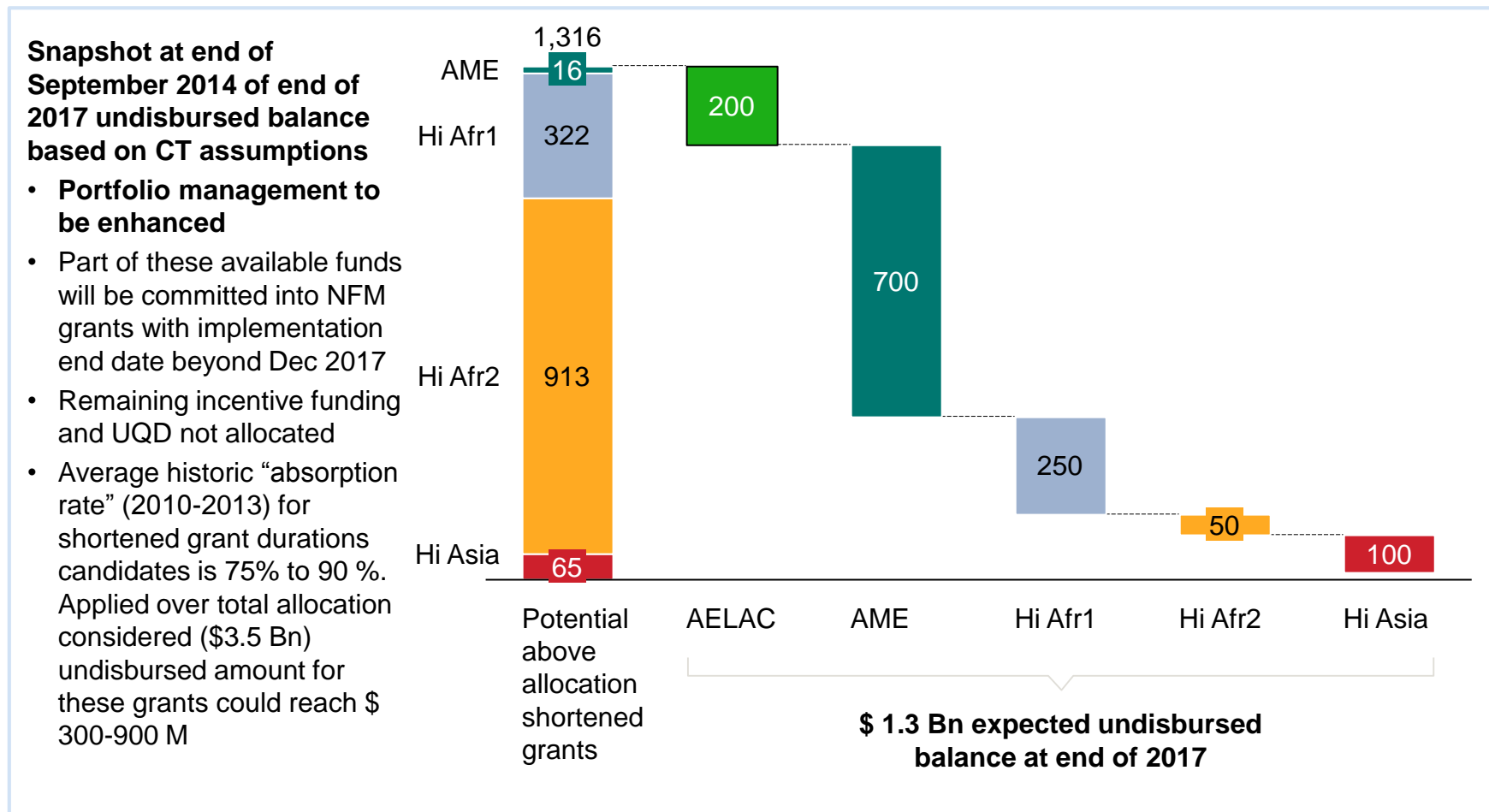
INCLUDED IN MID-TERM PLAN

Million USD



Estimated impact of shortened grant duration is of equivalent magnitude to forecasted undisbursed balance at the end of 2017

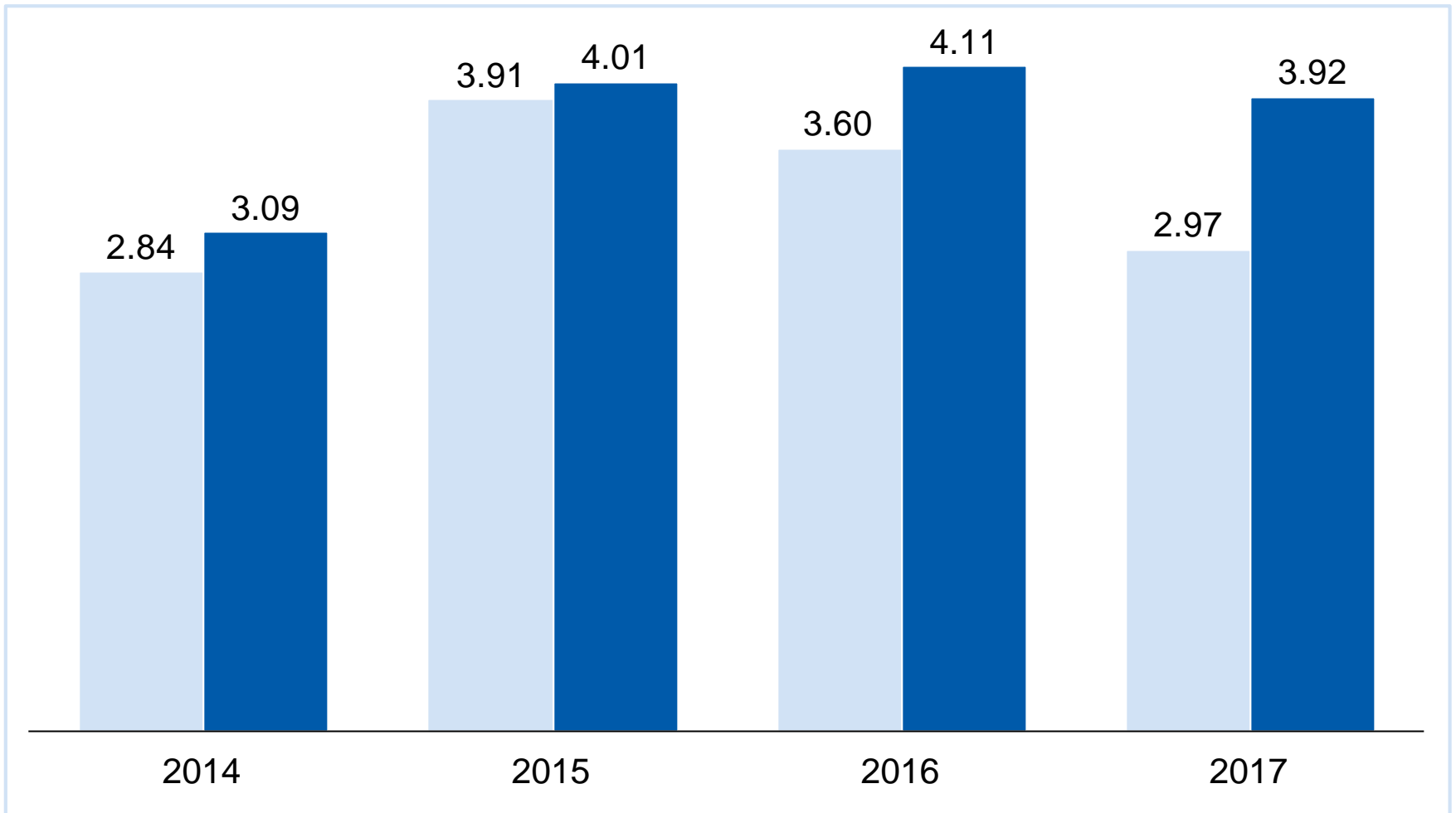
Million USD



Launch of FM will result in significant increases in disbursements

2014-2017 Grant Expenses & Disbursements
Billion USD

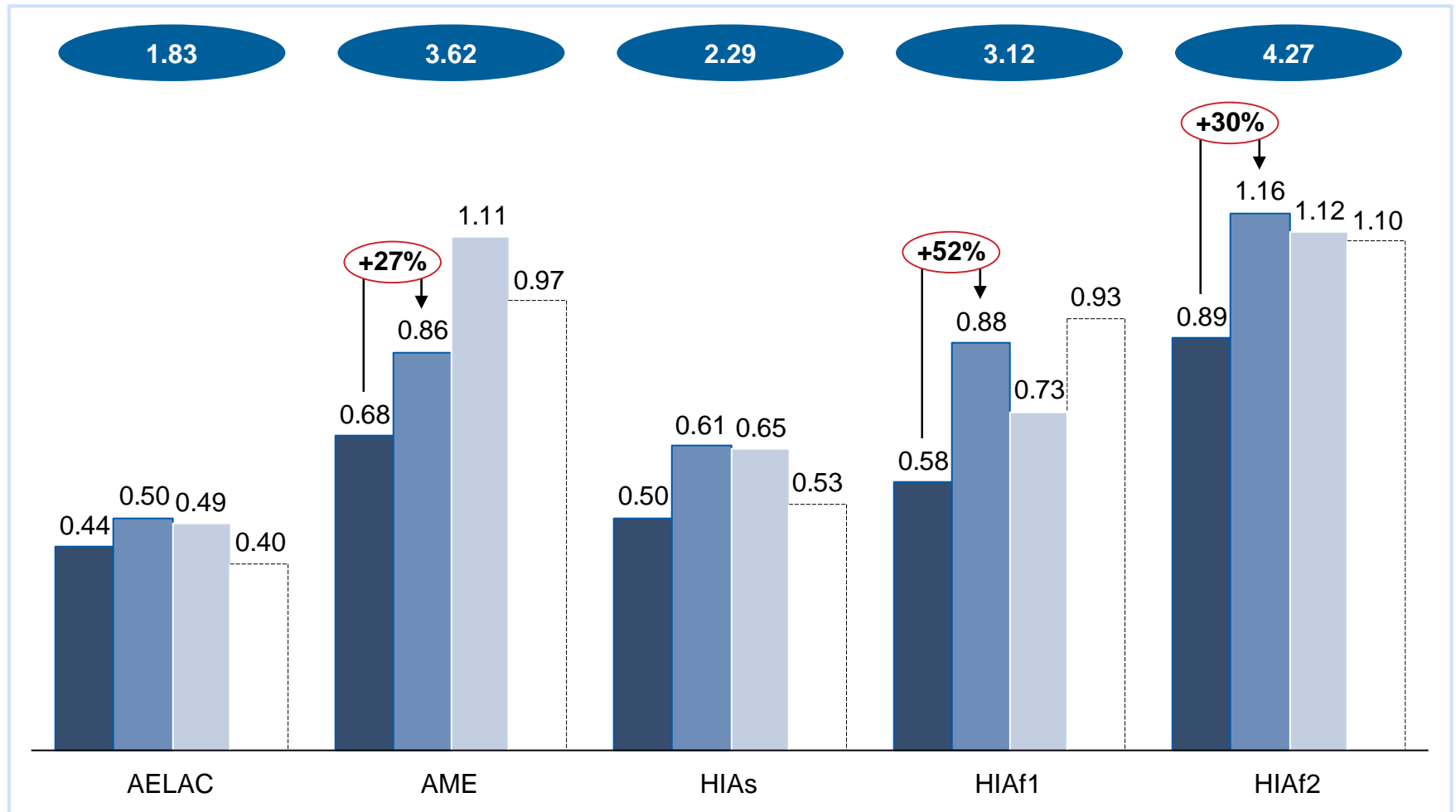
Grant expenses Disbursements



Significant increase in disbursement for Hi Af1/Hi Afr2/AME in 2015

2014-2017 Grant disbursement by region
Billion USD

■ Forecasted disbursement 2014 ■ Forecasted disbursement 2016
■ Forecasted disbursement 2015 Forecasted disbursement 2017

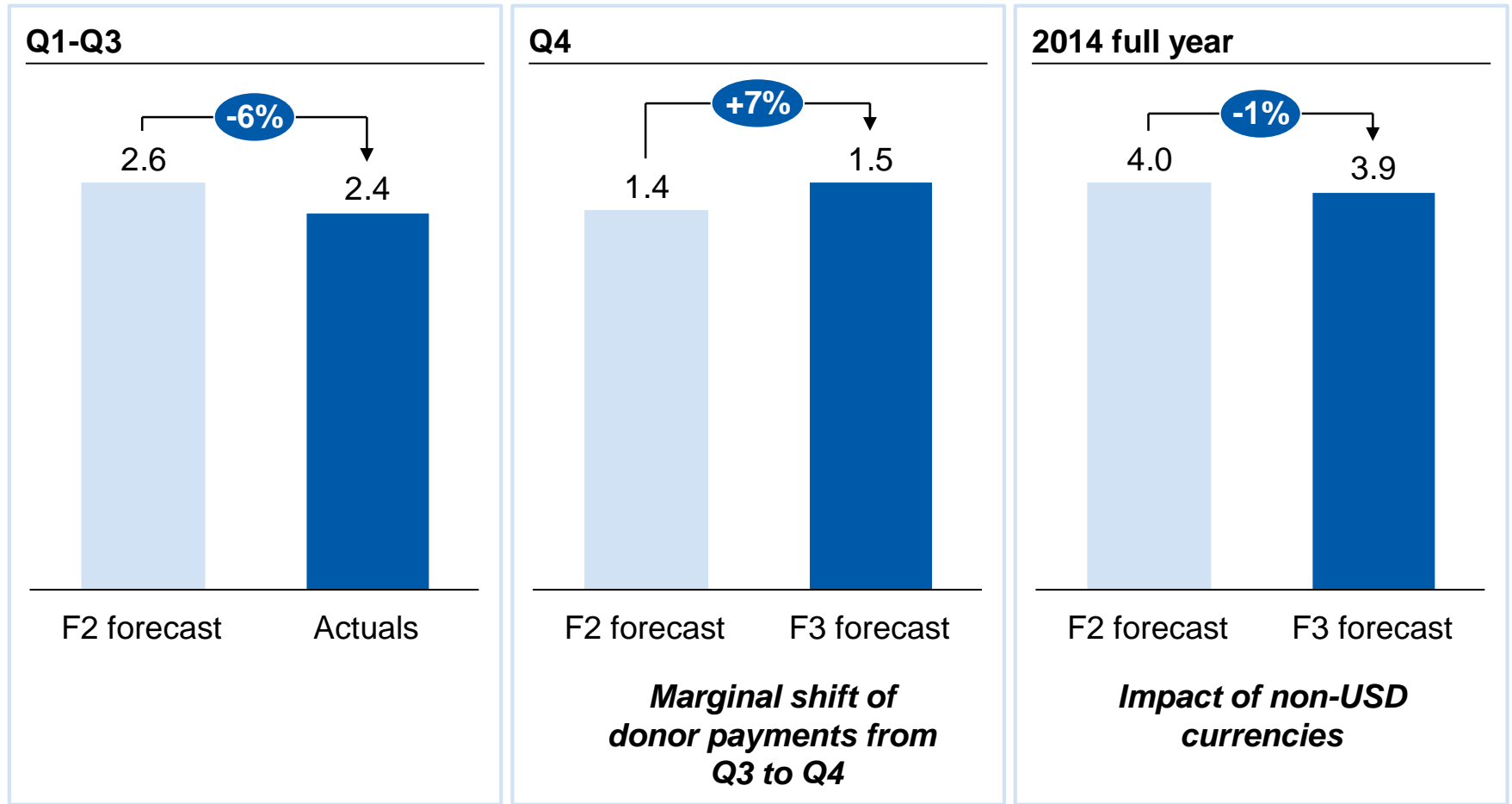


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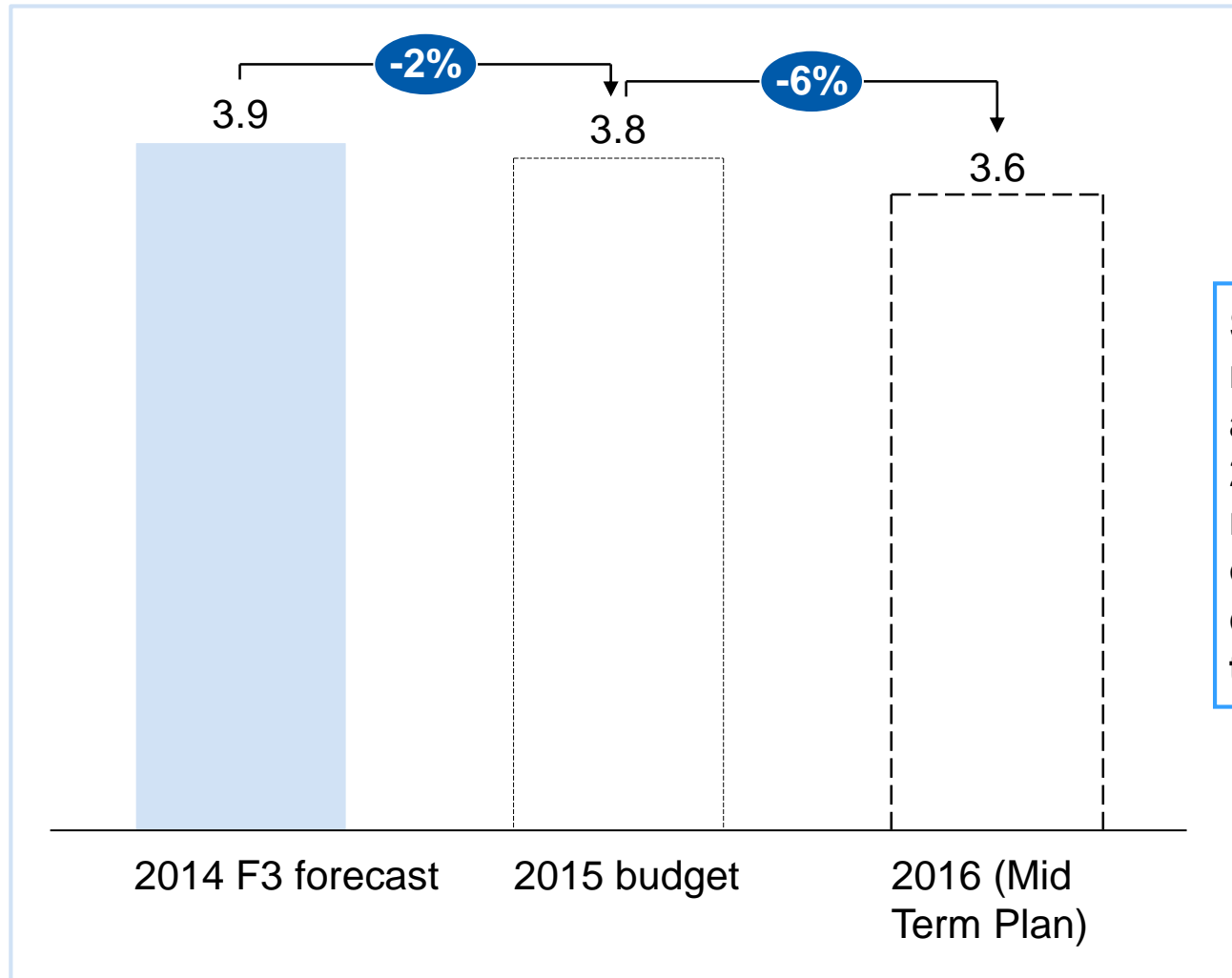
Donor Cash Receipts, all replenishments, 2014

Billion USD, rounded



Donor Cash Receipts, all replenishments, 2014-2016

Billion USD, rounded



Some payment realignments across 2014-2016; however, not affecting overall commitment to the Global Fund

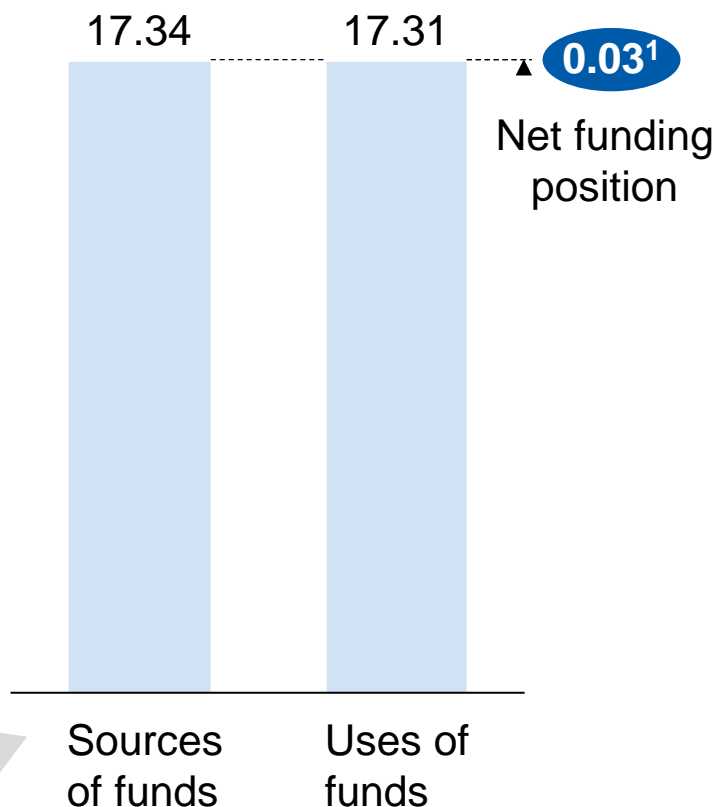
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We continue to forecast a balanced net funding position across the 2014-16 period

Billion USD, 2014-2016

ALM view, November 2014



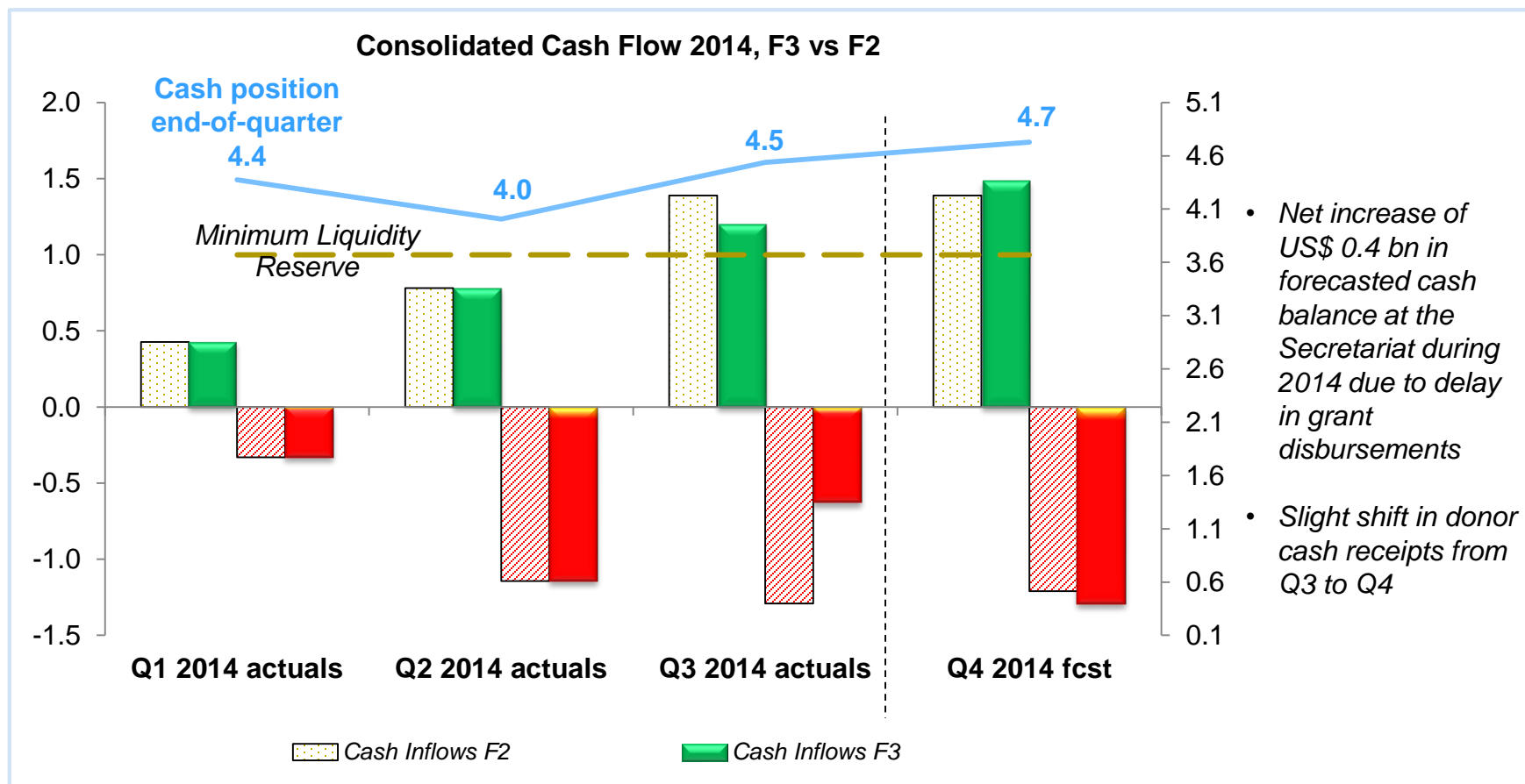
“Sources of funds” in the ALM forecast includes the initial allocation (March 2014 Board), not UQD originating from subsequent donations by HNWI

- Since September, there have been no *realized* factors with an adverse impact
- However, through the forecasting process, we review the elements of uncertainty / volatility that imply potential risks
- Some factors could ultimately impact funds available (increase or reduction in pledges and FX effect)...
- ... as well as funds needed (grant duration, absorption rates and FX effect)

¹ Due to rounding, normally zero

Consolidated Cash Inflows and Outflows for 2014 F3 forecast vs F2 forecast

Billion USD



Consolidated Cash Inflows and Outflows, Budget 2015

Billion USD, rounded

