



Trustee Report

As of March 31, 2012

Introduction

1. This report summarizes the financial situation of the Trust Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria as of March 31, 2012, prepared by the World Bank in its capacity as Trustee.¹ It describes the Trust Fund's financial status, including information on the status of donor contributions, investment income, grant commitments and disbursements, and funds available for commitment.

Donor Contributions

2. As of March 31, 2012, the Trustee had entered into contribution agreements with 60 donors² and received cumulative contributions of USD equivalent 22.2 billion.³ In 2011, contributions through the third quarter were slower than in the same period of 2010, but an influx of USDeq 2.4 billion in the fourth quarter (of which USDeq 1.4 billion in December alone) generated a 24% increase in contributions for the year as a whole. During the first quarter of 2012, the Trustee received an additional USDeq 396 million in contributions. Table 1 summarizes contributions by quarter and by year; Annex I provides details of the contributions received from all 60 donors.

Table 1
Contribution Receipts by Quarter (USD eq. millions)

| Quarter | 2009 | 2010 | 2011 | 2012 |
|---------------------|--------------|--------------|--------------|------------|
| January to March | 521 | 255 | 610 | 396 |
| April to June | 764 | 109 | 345 | |
| July to September | 1,295 | 1,119 | 46 | |
| October to December | 851 | 1,229 | 2,352 | |
| Total | 3,431 | 2,712 | 3,353 | 396 |

3. Donors make their contributions principally in the form of cash through annual contribution agreements, but some have contributed using longer-term and innovative financing instruments that enable the Global Fund to better predict its funding availability and reduce the cash balances it needs to hold to cover its liabilities.

¹ The World Bank has been Trustee of the Trust Fund since it was established in 2002. At each meeting of the Global Fund's Board of Directors, the World Bank, as Trustee, provides an update on the financial status of the Trust Fund.

² This figure excludes individual donors who contribute through the UN Foundation, the World Health Organization and the Global Fund (through (PRODUCT)^{RED} and various other donors). Details on donor contributions can also be found at <http://www.theglobalfund.org/en/about/donors/>

³ Includes both the main Global Fund account and the AMFm sub-account. The total amount of contributions received under the Global Fund's main account includes the contribution payments under the Debt2Health and (Product)^{RED} agreements.

4. **Promissory notes.** To date, two donors, France and the United Kingdom, have made their contributions in the form of promissory notes, which are deposited with the Banque de France and Bank of England, respectively. New contributions under promissory notes from France and the United Kingdom in 2011 comprised EUR 282 million and GBP 180 million, respectively. As of March 31, 2012, there was a balance of USDeq 645 million in promissory notes outstanding, comprising EUR 282 million from France and GBP 168 million from the United Kingdom.

5. **Multi-year contribution agreements (MYCAs).** In September 2010, the Global Fund's Board took a decision encouraging donors to sign MYCAs in order to increase the predictability of Global Fund resources. As of March 31, 2012, four donors had signed MYCAs: Luxembourg, Australia, Russia, and the Bill and Melinda Gates Foundation. The MYCAs from the three governments provide for the payment of contributions in 2011–2013 in the amounts of EUR 7.5 million, AUD 210 million, and USD 60 million, respectively. To date, they have paid their 2011 installments in the amount of EUR 2.5 million, AUD 40 million and USD 20 million, respectively. The MYCA from the Bill and Melinda Gates Foundation provides for the payment of USD 750 million in five annual installments of USD 150 million, beginning in 2026, but includes a call provision enabling the Global Fund to draw on these funds if required to ensure liquidity.

6. **Innovative financing mechanisms. (PRODUCT)^{RED} and Debt2Health** are two innovative financing mechanisms being used by the Global Fund to build new partnerships and to raise additional resources from non-traditional sources. Each operates under its own contribution arrangements. As of March 31, 2012, the Trustee had received contributions totaling USD 198 million from the Global Fund under (PRODUCT)^{RED} arrangements. Under the Debt2Health arrangements, contribution agreements have been signed with Indonesia for EUR 25 million and AUD 37.5 million, with Pakistan for EUR 20 million and with Cote d'Ivoire for EUR 9.5 million. Of the USDeq 58 million currently due under the signed Debt2Health agreements, AUD 31.7 million and EUR 5 million are outstanding under the agreement with Indonesia, EUR 5 million under the agreement with Pakistan and EUR 9 million under the agreement with Cote d'Ivoire. Please refer to Annex II for more details.

7. **Contributions receivable.** Contributions may be paid either immediately upon signing of a contribution agreement, or over time in accordance with agreed payment schedules. Contributions receivable are the amounts promised under signed contribution agreements (or other mechanisms described above) that have not been paid as of a certain date. Table 2 presents contributions receivable by instrument as of March 31, 2012.

Table 2. Contributions Receivable⁴
(USD equivalent millions)

| Contributions Receivable pursuant to: | Mar 31 2012 | Dec 31 2011 | Dec 31 2010 |
|--|--------------------|--------------------|--------------------|
| Promissory notes | 645 | 544 | 654 |
| MYCAs | 967 | 963 | 0 |
| (PRODUCT) ^{RED} | 0 | 5 | 13 |
| Debt2Health | 58 | 57 | 75 |
| Other Contribution Agreements | 372 | 418 | 169 |
| Total Contributions Receivable | 2,042 | 1,987 | 911 |

⁴ Includes both the main Global Fund account and the AMFm sub-account.

Investment income

8. In 2011, the Trust Fund's liquid portfolio⁵ earned 1.72%, or USDeq 83.4 million, on an average balance of USDeq 4.8 billion. These returns are lower than the 2.7% earned in 2010, but are reflective of the general investment climate. In the first quarter of 2012, the Trust Fund earned 0.34% or USDeq 17.5 million on an average balance of USDeq 5.3.

9. The Trust Fund's assets are allocated across three investment portfolios (or Tranches) managed by the World Bank as Trustee and commingled with the assets of the other trust funds administered by the World Bank:

- a **cash portfolio** comprised of bank deposits and investments in money market instruments with an investment horizon of less than 3 months (Tranche 0);
- a **short-horizon portfolio** with a broader range of securities and an investment horizon of up to one year (Tranche 1); and
- a **longer-horizon portfolio** with additional instruments and an investment horizon of up to three years (Tranche 2).

10. Consistent with the Trust Fund's investment objective of maximizing returns subject to capital preservation over a three-year investment horizon, and given the risk to capital posed by a potential increase in interest rates from their current historically low levels, the durations (i.e. the weighted-average time to maturity) of Tranches 1 and 2 have been reduced⁶ to 6 months and 13 months, respectively. As of March 31, 2012, 56% was allocated to Tranche 2, 34% to Tranche 1 and 10% to Tranche 0 (see Table 3). The higher allocation to T0 in December reflects year-end spikes in contributions paid. The January 2012 quarterly re-balancing of the portfolio led to the re-allocation of over USD 1 billion from T0 to T1 in line with the Global Fund's projected grant funding needs. The resulting portfolio allocation by asset class is presented in Table 4.

**Table 3. Global Fund Trust Fund Allocation across World Bank Investment Tranches
(USD equivalent millions)**

| Tranche | Mar 31 2012 | Dec 31 2011 | Dec 31 2010 |
|----------------|--------------------|--------------------|--------------------|
| Tranche 0 | 534.6 | 1,692.4 | 1,536.8 |
| Tranche 1 | 1,790.7 | 598.8 | 178.9 |
| Tranche 2 | 2,957.1 | 2,943.4 | 3,585.4 |
| Total | 5,282.4 | 5,234.6 | 5,301.1 |

⁵ Includes both the main Global Fund account and the AMFm sub-account.

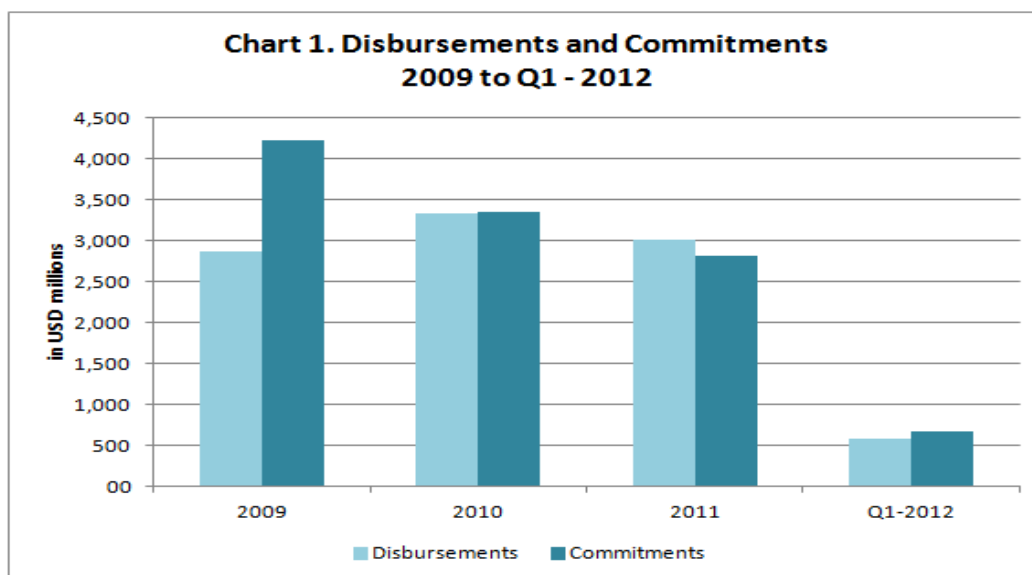
⁶ Note that an increase in market interest rates causes bond prices to decline; the longer the maturity of the bond, the more exposed it is to such increases. This is why if interest rates are low and likely to increase, it is prudent to shorten the duration of a bond portfolio.

Table 4. Global Fund Trust Fund Asset Allocation

| | Mar 31 2012 | Dec 31 2011 | Change | Dec 31 2010 | Change |
|-----------------------------------|----------------|----------------|--------|----------------|--------|
| Government Bonds | 35% | 25% | 9% | 22% | 3% |
| Mortgage-Backed Securities | 17% | 21% | -4% | 21% | 0% |
| Asset-Backed Securities | 5% | 4% | 1% | 1% | 3% |
| Agency Bonds | 8% | 5% | 3% | 3% | 2% |
| Sovereign Guaranteed Bonds | 15% | 11% | 4% | 16% | -4% |
| Money Market Instruments | 17% | 28% | -12% | 37% | -9% |
| Corporate Bonds | 3% | 3% | 0% | 0% | 3% |
| Deposit Currency Swaps | 0% | 1% | -1% | 0% | 1% |
| | 100% | 100% | | 100% | |

Grant commitments and disbursements

11. Grant commitments and disbursements⁷ decreased 18% in 2011 relative to 2010. Commitments for projects and administrative budget in 2011 were USDeq 2.8 billion, compared to USDeq 3.3 billion in 2010. Since inception, the Trustee has committed USDeq 21.9 billion⁸ for project grants and administrative budget, of which USDeq 17.5 billion⁹ has been disbursed to Principal Recipients.¹⁰ Chart 1 shows annual project commitments and disbursements for the last three calendar years and the first quarter of 2012.



⁷ This section covers USD and the USDeq of EUR amounts, and includes both the regular Trust Fund account and the AMFm sub-account.

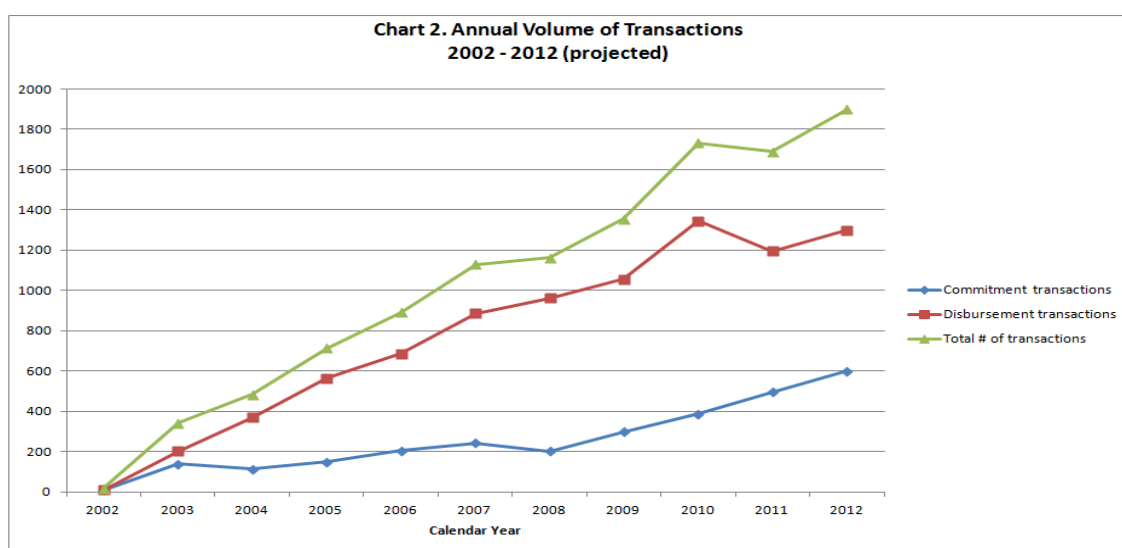
⁸ The total represents grant and operating budget commitments of USD 19.9 billion plus USDeq of EUR 1.5 billion (USDeq 2.03 billion) valued using exchange rates as of March 31, 2012.

⁹ The total represents grant and operating budget disbursements of USD 16.34 billion plus USDeq of EUR 888 million (USDeq 1.1 billion) valued using exchange rates as of March 31, 2012.

¹⁰ Includes disbursements made to designated third parties as instructed by the Global Fund. Since the Trustee disburses only to Principal Recipients and designated third parties, these disbursement figures do not measure subsequent expenditures for the specific project activities.

12. **The Affordable Medicine Facility for Malaria (AMFm)** sub-account was established by the Trustee at the request of Global Fund Secretariat to support the AMFm operations of the Global Fund. As of March 31, 2012, the AMFm sub-account had received USD 250 million in funding, including USD 228 million in cash contributions, USD 16 million in promissory notes (balance) and USD 6 million of cumulative investment income. An additional USD 19 million of contributions were receivable under signed contribution agreements (payable by December 2012). A total of USD 250 million of commitments had been made against the sub-account, of which USD 171 million had been disbursed, leaving a cash balance of USD 80 million and USD 19 million of funds potentially available for commitment (see Annex I).

13. **Transaction Processing by the Trustee.** From inception to March 31, 2012, the Trustee had received and processed 2,363 commitment and 7,492 disbursement requests. Chart 2 shows the trend in transaction volumes. 2012 volumes are projected using estimates provided by the Global Fund Secretariat.



Funds available for commitment

14. Funds available for commitment are based on cash, including investment income earned in the Trust Fund, and short-term or long-term promissory notes or similar obligations issued by donor governments or private entities less commitments for grants and operating expenses. As of March 31, 2012, net funds available in the Trust Fund for commitment towards new project grants and other expenses totaled USDeq 1,431 million (comprising USD 1,174 million plus EUR 257 million) in the Trust Fund main account, and USD 1 million under the AMFm sub-account.

15. Table 5 provides an overview of the movement in resources available for commitment during the last 5 quarters, defined (consistent with the Comprehensive Funding Policy) as beginning balance, plus receipts, minus disbursements and commitments of funds. Receipts are defined as cash contributions plus promissory notes and similar instruments received, taking into account the FX adjustments in non-USD transactions. As of March 31, 2012, USDeq 2,181 million was available for commitment.

16. Chart 3 provides an overview of the movement in Commitment Authority during 2009-Q1 2012. Table 6 provides an overview of Trust Fund activities from inception (May 31, 2002) to March 31, 2012.

Table 5
Schedule of Quarterly Activities - Global Fund regular operations
Expressed in USD eq. millions

| | March 2012 | December 2011 | September 2011 | June 2011 | March 2011 |
|--|----------------|---------------|----------------|--------------|--------------|
| a Resources at the beginning of the period | 6,774 | 4,968 | 5,424 | 5,795 | 5,597 |
| Receipts | | | | | |
| Cash Contribution amounts received on signed agreements | 360 | 2,394 | 417 | 174 | 480 |
| Promissory Notes and Similar Obligations ¹ | 36 | 708 | -371 | 171 | 129 |
| Investment Income | 19 | 17 | 26 | 34 | 10 |
| b Total Receipts | * 415 | 3,119 | 72 | 379 | 619 |
| Disbursements | | | | | |
| Project Disbursements | 481 | 1,250 | 442 | 698 | 333 |
| Other Disbursements | 97 | 63 | 86 | 52 | 88 |
| c Total Disbursements | * 578 | 1,313 | 527 | 750 | 421 |
| d Resources at the end of the period (a+b-c) | * 6,611 | 6,774 | 4,968 | 5,424 | 5,795 |
| Commitment of Resources | | | | | |
| Outstanding Commitment for grants at the beginning of the period | 4,360 | 4,142 | 4,728 | 5,179 | 4,582 |
| Commitments made during the period | 672 | 1,479 | -61 | 334 | 1,056 |
| Change in Commitment liability during the period | 70 | 200 | -560 | -403 | 582 |
| e Outstanding Commitment for grants at the end of the period | * 4,430 | 4,341 | 4,168 | 4,776 | 5,164 |
| f Resources available for commitment at the end of the period (d-e) | * 2,181 | 2,432 | 800 | 647 | 631 |

¹ Represents activity in the Promissory Notes account (includes encashments, new notes and similar obligations)

* Non-USD currencies are valued on the basis of the exchange rates as of the end of the reporting period. The amount reported includes the impact of change in exchange rates.

Chart 3. Global Fund Commitment Authority

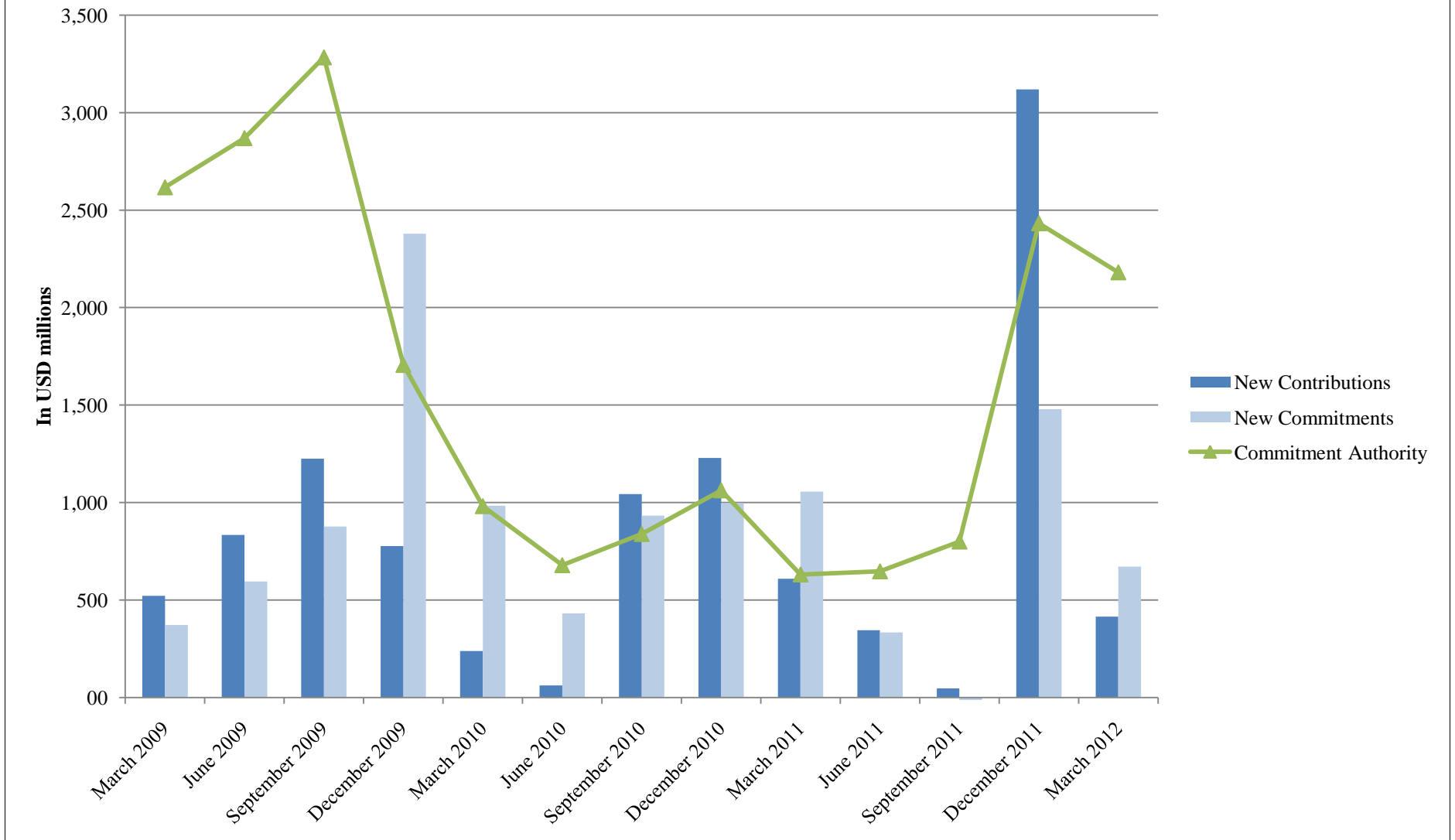


Table 6
Global Fund Trust Fund Activities as of March 31, 2012
(Expressed in USD eq. millions)

| | For the period 31-May-2002 to 31-Dec 2008 | For the period 01-Jan-2009 to 31-Dec-2009 | For the period 01-Jan-2010 to 31-Dec-2010 | For the period 01-Jan-2011 to 31-Dec-2011 | For the period 01-Jan-2012 to 31-Mar-2012 | Cumulative for the period 31-May-2002 to 31-Mar-2012 |
|---------------------------------|--|--|--|--|--|---|
| Contributions received a/ | 12,522 | 3,431 | 2,712 | 3,353 | 396 | 22,414 |
| Project commitments b/ | 10,352 | 4,057 | 3,084 | 2,537 | 494 | 20,524 |
| Project disbursements | 7,227 | 2,736 | 3,041 | 2,723 | 481 | 16,208 |
| Operating budget commitments c/ | 570 | 151 | 279 | 271 | 178 | 1,449 |
| Operating budget disbursements | 530 | 153 | 255 | 289 | 97 | 1,324 |
| Investment income earned | 790 | 151 | 148 | 86 | 19 | 1,194 |

Note: Totals may not add up to the totals in other reports because of rounding

a/: Includes receipt of promissory note contributions

b/: Commitments are based on signed grant agreements and approved Operating Budgets.

c/: The operating budget includes Global Fund administrative expenses, including payments for the activities of CCMs and the Trustee fee, which is paid in two semi-annual installments.

GFATM Trust Fund
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

May 31, 2002 (inception) to
March 31, 2012

| | for AMFM activities | | for Regular GFATM activities | |
|--|---------------------------|---------------------------|------------------------------|--------------------------|
| | <i>Amount held in USD</i> | <i>Amount held in EUR</i> | <i>Amount held in USD</i> | |
| Receipts | | | | |
| Cash Contributions: | | | | |
| Andorra | | | | 100,000 |
| Australia | | | | 213,177,145 |
| Austria | | | | 1,075,900 |
| Barbados | | | | 100,000 |
| Belgium | | 3,750,000.00 | | 150,699,469 |
| Brazil | | | | 152,355 |
| Brunei Darussalam | | | | 149,980 |
| Burkina Faso | | | | 75,000 |
| Canada | | | | 1,061,994,254 |
| People's Republic of China | | | | 19,999,965 |
| Cote d'Ivoire | | | | 660,965 |
| Denmark | | | | 240,657,540 |
| Egypt | | | | 4,807,118 |
| European Community | | 108,000,000 | | 1,210,050,431 |
| Finland | | | | 25,377,500 |
| France | | 810,750,000 | | 1,394,484,750 |
| Gates Foundation | 20,015,000 | | | 650,000,000 |
| Germany | | 202,000,000 | | 1,249,276,918 |
| Global Fund | | | | 198,235,548 |
| Greece | | | | 2,150,085 |
| Hungary | | | | 54,941 |
| Iceland | | | | 1,120,707 |
| India | | | | 9,999,910 |
| Indonesia | | | | 34,522,693 |
| Ireland | | 4,000,000 | | 167,963,039 |
| Italy | | | | 1,008,260,873 |
| Japan | | | | 1,618,151,295 |
| Korea | | | | 14,999,982 |
| Kuwait | | | | 2,500,000 |
| Latvia | | | | 10,000 |
| Liechtenstein | | | | 877,029 |
| Luxembourg | | | | 27,609,020 |
| Malaysia | | | | 100,000 |
| Mexico | | | | 199,710 |
| Monaco | | | | 132,000 |
| Netherlands | | | | 698,428,558 |
| New Zealand | | | | 2,840,840 |
| Nigeria | | | | 19,044,210 |
| Norway | | | | 427,947,276 |
| Pakistan | | | | 20,204,543 |
| Poland | | | | 150,000 |
| Portugal | | | | 15,533,866 |
| Romania | | 175,000 | | 569,545 |
| Russian Federation | | | | 276,999,995 |
| Rwanda | | | | 350,000 |
| Saudi Arabia | | | | 28,000,000 |
| Singapore | | | | 1,000,000 |
| Slovenia | | | | 253,869 |
| South Africa | | | | 10,276,704 |
| Spain | | 144,077,593 | | 507,519,247 |
| Sweden | | | | 629,250,323 |
| Switzerland | | | | 64,399,694 |
| Thailand | | | | 9,999,725 |
| Tunisia | | | | 2,000,000 |
| Uganda | | | | 1,499,934 |
| United Kingdom | 78,223,000 | | | 1,418,578,959 |
| United Nations Foundation | | | | 671,200,000 |
| United States | | | | 6,079,860,563 |
| World Health Organization | 130,000,000 | | | 38,897,264 |
| Zimbabwe | | | | 158,462 |
| Total cash contributions | 228,238,000 | 1,272,752,593 | | 19,630,609,704 |
| Promissory Notes and Similar Obligations (balance): | | | | |
| France | | 282,000,000 | | 750,000,000 |
| Gates Foundation | | | | 252,942,200 |
| United Kingdom - Note 1 | 16,009,000 | | | |
| Total contributions | 244,247,000 | 1,554,752,593 | | 20,633,551,904 |
| Investment income earned on cash contributions <i>a/</i> | 6,198,813 | 30,311,017 | | 1,141,578,767 <i>b/</i> |
| Total receipts | \$ 250,445,813 | € 1,585,063,610 | | \$ 21,775,130,671 |
| Disbursements | | | | |
| Payments to Global Fund | | 934,827 | | 824,378,592 |
| Payments to Global Fund under GFPF transfers | | | | 39,460,561 |
| Payments to WHO | | 114,392 | | 437,101,336 |
| Payments for trustee administrative fees | | | | 23,640,000 |
| Payments for administrative expenses | | | | 512,000 |
| Projects disbursements | | | | 14,847,840,403 |
| Total disbursements | \$ 170,659,000 | € 887,099,683 | | \$ 16,172,932,692 |
| Excess of receipts over disbursements | \$ 79,786,813 | € 696,914,709 | | \$ 5,602,197,980 |
| Excess of receipts over disbursements (in Equivalent USD) <i>c/</i> | | | | \$ 6,611,181,173 |
| Consisting of: | | | | |
| Cash, Promissory Notes and Similar Obligations: | | | | |
| Cash | \$ 63,777,813 | € 414,914,709 | | \$ 4,599,255,780 |
| Promissory Notes and Similar Obligations | 16,009,000 | € 282,000,000 | | \$ 1,002,942,200 |
| Committed Funds: | | | | |
| Committed for Grants | \$ (79,500,000) | € (505,151,589) | | \$ (3,553,109,544) |
| Committed for administrative expenses | | | | \$ (124,251,491) |
| A. Funds Available for Commitment (Commitment Authority) | \$ 286,813 | € 191,763,120 | | \$ 1,924,836,945 |
| B. Contribution amounts due on signed agreements | \$ 18,570,440 | € - | | \$ 628,594,554 |
| C. Amounts available upon receipt of supporting documentation | \$ - | € - | | \$ 71,614,055 |
| D. Funds potentially available for commitment (A+B+C) | \$ 18,857,253 | € 191,763,120 | | \$ 2,625,045,555 |
| Net funds potentially available for commitment in USD equivalent | | | | \$ 2,899,580,574 |

Note 1: US dollars equivalent of GBP 158 million as of March 31, 2012. 1.6009

a/ Investment income is presented on the current market value, which includes unrealized gains / losses.

b/ Includes \$1,416,407.77 - investment income earned on GFPF sub-account.

c/ Valued based on exchange rates as of March 31, 2012.

Annex II

GFATM Trust Fund

Receivables from Signed Contribution Agreements
as of March 31, 2012

| Contributions receivable by due date | | | | |
|--|-----------------|----------|-------------------|----------------------|
| Donor | Due Date | Currency | Amount receivable | US\$ Equivalent |
| <u>GFATM Regular Contributions</u> | | | | |
| Indonesia | 6/1/2012 | EUR | 5,000,000.00 | 6,666,500 |
| Pakistan | 6/1/2012 | EUR | 5,000,000.00 | 6,666,500 |
| Rwanda | 7/31/2012 | USD | 325,000.00 | 325,000 |
| Australia | 12/31/2012 | AUD | 70,000,000.00 | 72,789,500 |
| Luxembourg | 12/31/2012 | EUR | 2,500,000.00 a | 3,333,250 |
| Netherlands | 12/31/2012 | EUR | 7,500,000.00 | 9,999,750 |
| Russian Federation | 12/31/2012 | USD | 20,000,000.00 | 20,000,000 |
| UN Foundation | 12/31/2012 | USD | 4,678,815.19 a | 4,678,815 |
| Rwanda | 7/31/2013 | USD | 325,000.00 | 325,000 |
| Australia | 12/31/2013 | AUD | 100,000,000.00 | 103,985,000 |
| European Comission | 12/31/2013 | EUR | 100,000,000.00 | 133,330,000 |
| Luxembourg | 12/31/2013 | EUR | 2,500,000.00 a | 3,333,250 |
| Netherlands | 12/31/2013 | EUR | 80,000,000.00 | 106,664,000 |
| Russian Federation | 12/31/2013 | USD | 20,000,000.00 | 20,000,000 |
| UN Foundation | 12/31/2013 | USD | 2,479,948.20 a | 2,479,948 |
| UN Foundation | 12/31/2015 | USD | 26,410,000.00 a | 26,410,000 |
| UN Foundation | 12/31/2015 | USD | 13,161,056.00 a | 13,161,056 |
| Indonesia | 6/1/2016 | AUD | 31,790,637.27 | 33,057,494 |
| Cote d'Ivoire | 9/30/2018 | EUR | 9,030,731.26 | 12,040,674 |
| Bill and Melinda Gates Foundation | 1/31/2026 | USD | 150,000,000.00 | 150,000,000 |
| Bill and Melinda Gates Foundation | 1/31/2027 | USD | 150,000,000.00 | 150,000,000 |
| Bill and Melinda Gates Foundation | 1/31/2028 | USD | 150,000,000.00 | 150,000,000 |
| Bill and Melinda Gates Foundation | 1/31/2029 | USD | 150,000,000.00 | 150,000,000 |
| Bill and Melinda Gates Foundation | 1/31/2030 | USD | 150,000,000.00 | 150,000,000 |
| Nigeria | Due immediately | USD | 36,703.75 | 36,704 |
| Ireland | Unknown | EUR | 36,610,000.00 | 48,812,113 |
| Sub-total | | | | 1,378,094,554 |
| <u>AMFm Contributions</u> | | | | |
| United Kingdom | 12/31/2012 | GBP | 11,600,000.00 | 18,570,440 |
| Sub-total | | | | 18,570,440 |
| Total Contribution Receivable to the GFATM Trust Fund | | | | 1,396,664,994 |
| Note: Non-USD currencies are valued at the exchange rates as of March 31, 2012 | | | | |
| a/ Contribution receipts are contingent upon conditions specified in respective donor contribution agreements. | | | | |