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of the Global Fund

FORECAST OF UNCOMMITTED ASSETS INCREASES BY \$373 MILLION

The Global Fund is now forecasting that it will have uncommitted assets worth \$1,428 million by December 2014. The forecast was prepared by the Secretariat and was presented to the Global Fund Board at its meeting on 13–14 September 2012. The forecast represents an increase of \$373 million over the forecast presented to the Board at its 26th meeting in May 2012.

“Uncommitted assets” means assets that are not already committed to approved proposals and grant renewals, and other Board funding decisions, and that could be applied to new funding opportunities or to any new funding commitments that the Board decides to make (such as extending expiring grants).

The Global Fund is forecasting that by 30 June 2015, it will have uncommitted assets of \$2,112 million.

Of the \$373 million increase in forecasted uncommitted assets to December 2014, \$225 million comes from additional anticipated donor contributions. See the table below for more details.

Table: How the \$373 million increase was determined

Item	Amount
Additional anticipated donor contributions	+ \$225 million
Reduction in funding ceiling for Transitional Funding Mechanism commitments	+ \$104 million
Additional anticipated grant de-commitments and other grant reductions	+ \$135 million
Net impact of exchange rate changes	– \$153 million
2013 and 2014 operating budget adjustments	+ \$62 million

The calculation of committed assets in the forecast includes a provision of \$171 million to fund the Affordable Medicines Facility–malaria (AMFm) up to the end of 2013.

In a letter accompanying the forecast, the Chair and Vice-Chair of the Finance and Operational Performance Committee (FOPC) said that the forecast “warrants cautious optimism” because it shows a continuing improvement in the projected level of uncommitted assets. However, the FOPC said, there are several reasons why the forecast should be interpreted cautiously.

First, the forecast projects (on a conservative basis) donor contributions for the years 2014 and 2015, but donors have not yet made any formal pledges for these years. Second, the FOPC said, experience has shown that any forecast is subject to significant shifts in the timing of both donations and commitments.

In addition, the FOPC said, while the unanticipated risk provision in the forecast remains at \$500 million (unchanged from the May 2012 forecast), more research and analysis is required on the nature of the risks facing the Fund to determine if this reserve is adequate.

Finally, the FOPC said that it is “looking forward” to continuing improvements in the forecast, “particularly the inclusion of long-term ethical obligations, increased accuracy in projecting timing and level of commitments, and better coordination with demand forecasting.”

The forecast notes that committed assets include funding for the Transitional Funding Mechanism (TFM); that the TFM was approved by the Board for grants expiring between 1 January 2012 and 31 March 2012; that grants expiring after 31 March 2014 currently have no “safety net”; and that annual funding needs for grants expiring between 1 April 2014 and 30 June 2015 is estimated to be \$1 billion.

The forecast of uncommitted assets should be available shortly at www.theglobalfund.org/en/board/meetings/twentyseventh.

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