Report to Congress by the U.S. Global AIDS Coordinator on Oversight Information Pertaining to the Global Fund to Fight AIDS, Tuberculosis and Malaria

November 2011

The U.S. Global AIDS Coordinator provides this Report in response to the following request contained in House Report 111-187, as endorsed by the conferees in the Joint Explanatory Statement accompanying the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010 (Division F, P.L. 111-117) and as carried forward by the Full-Year Continuing Appropriations Act, 2011 (Div. B, P.L. 112-10):

> *The Secretary of State is directed to provide a report to the Committees on Appropriations not later than 120 days after enactment of this Act that contains the most recent Global Fund audit information, commitment and disbursement data, and a summary of the recipient and sub-recipient expenditures as reported to the United States Government.*

This report contains Global Fund audit information, commitment and disbursement data, and a summary of the Principal Recipient (PR) and Sub-Recipient (SR) expenditures as requested by the U.S. Congress. Supporting documents provided by the Global Fund at the request of the Global AIDS Coordinator (Tab 1) are available online as annexes to this report at http://www.pepfar.gov/coop/globalfund/reports/index.htm. While this report covers the U.S. Government (USG) fiscal year (FY) 2011, some data is presented as calendar year (CY) 2011 as the Global Fund's fiscal year covers January 1-December 31.

Audit Information

External Audit Information. The independent auditor of the Global Fund Secretariat, Ernst & Young Ltd., has unrestricted access to all Secretariat records, and conducts a comprehensive annual audit of Global Fund financial statements. The financial statements are prepared in accordance with international accounting standards and include estimates of assets, liabilities, and cash flows in the Global Fund's World Bank trustee account. Most financial contributions to the Global Fund are received directly and held in a trust fund administered by the World Bank until funds are disbursed to grant recipients or transferred to the Global Fund to cover Board-approved operating expenses. The external auditor does not review expenditures within specific country programs, as this internal audit function is fulfilled by the Global Fund's Office of the Inspector General (OIG).

As in previous years, Ernst & Young presented an unqualified audit opinion for 2010 (i.e. a clean audit), stating that "the financial statements for the year ending December 31, 2010 present a true and fair view of the financial position, the results of operations, and the cash flows in accordance with International Financial Reporting Standards (IFRS), and comply with Swiss law as well as the By-laws of the Global Fund." The Global Fund 2010 Financial Statement, as audited by Ernst & Young, was presented to and approved by the Board in May 2011 (Tab 2).

Internal Audit Information. The Global Fund has an independent Office of the Inspector General (OIG), whose mission is to "provide the Global Fund with independent and objective assurance over the design and effectiveness of controls in place to manage the key risks impacting the

Global Fund's programs and operations."[1] Since 2007 the OIG has completed audits of specific country programs as well as analyses of the Local Fund Agent (LFA) tendering process, PR audit arrangements, lessons learned from country audits, review of the grant application process, and an oversight review of grant procurement and supply chain management arrangements. All complete audit reports are publicly available on the Fund's website (http://www.theglobalfund.org/en/oig/reports/?lang=en).

The OIG's priorities for CY 2011, as presented to the Board in December 2011 (Tab 3), include: providing assurance on grant processes; providing assurances on other main business processes; supporting key managerial and governance initiatives in the Secretariat; conducting investigations and related initiatives; building appropriate capacity in the OIG; and creating awareness about the OIG.

The OIG's 2011 audit plan proposed to undertake 15 country audits, ten diagnostic reviews, five Secretariat-based reviews, as well as investigations. The OIG completed five country audit reports from October 2010 to September 2011, with several more due to be released before the end of CY 2011. During this reporting period, the OIG also released its final investigation report on Mali, which had been issued to the Board in December 2010 and made public in January 2011. The November 2010 – March 2011 Progress Report (Tab 4), the latest available within FY 2011, highlights the audit report on Global Fund programs in Rwanda and Lessons Learned from seven country audits (Cambodia, Cameroon, Zambia, Nepal, Haiti, DRC, and the Philippines).

The Lessons Learned Report (Tab 5) was designed to provide input into the Global Fund's reform agenda, and has been considered by the Board's Comprehensive Reform Working Group and High Level Independent Review Panel on Fiduciary Controls and Oversight Mechanisms (HLP). The OIG plans to make its next progress report available to the Finance and Audit Committee (FAC) and the Board in November 2011.

At the December 2010 Board meeting, the Board approved an operating budget increase of over 50% for the OIG for CY 2011 and a $3

[1] The Global Fund Charter and Terms of Reference for the Office of the Inspector General (Amended November 2009), http://www.theglobalfund.org/documents/oig/OIG_Charter_ToR_en/.

million contingency budget that can be made available to the OIG by the FAC if required.

At its May 2011 meeting, the Global Fund Board addressed several OIG-related issues, including reaffirmation of the Global Fund's commitment to transparency, accountability, and a fully independent OIG; endorsement of and action to advance a comprehensive reform agenda focused on improving Global Fund grant management and oversight, governance and fiduciary controls; and establishment of the an independent HLP The USG has been a leader in proposing and promoting reforms designed to safeguard Global Fund resources as an urgent priority.

The HLP, chaired by former HHS Secretary Leavitt and former Botswana President Festus Mogae, released its final report on September 19, 2011. The HLP recommended a broad package of tough reforms aimed at strengthening the Fund's fiduciary controls and programmatic impact (full report available at http://www.theglobalfund.org/en/highlevelpanel/). At its 24th Meeting, the Global Fund Board took clear, decisive action on the HLP report, unanimously endorsing its findings and adopting its recommendations. Details of the Board decisions are available at http://www.theglobalfund.org/documents/board/24/BM24_DecisionPoints_Report_en/.

Commitment Data, Disbursement Data, and Summary-Level PR and SR Expenditure Data

As of October 1, 2011, the Global Fund has committed $22.4 billion in 150 countries to support large-scale prevention, treatment, and care programs against the three diseases, with 510 grants in progress. Global Fund grant-level commitments (in the form of Board-approved upper thresholds for proposed grants and actual signed grant amounts) are available on the country profile pages of the Global Fund website (http://portfolio.theglobalfund.org/en/Home/Index).

In January 2008, the Global Fund began implementation of an Enhanced Financial Reporting (EFR) system to collect standardized and detailed financial information from grant recipients on expenditures by disease and cost category, service delivery area (SDA), and implementing entity at the Principal Recipient (PR) and Sub-Recipient (SR) levels (Tab 6). PRs are required to report all expenditures by SDA annually, with the

information is made available to Board members upon request. Information on the EFR system and results are available in the 2009 and 2010 Reports to Congress (http://www.pepfar.gov/coop/globalfund/reports/index.htm).

The 2010 EFR results reflect a consolidation of the EFR information reported in 2009 as well as results reported by 538 active grants at the end of CY 2010. The total budget for the grants included in the report was $11.7 billion with reported expenditures of $9.1 billion, or an average expenditure rate of 78% for the portfolio. According to the consolidated EFR data, the Global Fund allocated about 58% of its portfolio to HIV/AIDS, 15% to tuberculosis, and 27% to malaria.

As a part of the reform agenda adopted by the Board in May 2011, the Global Fund plans to integrate EFR into the Progress Update Disbursement Request (PUDR) Forms on an annual basis. This initiative is expected to link EFR reporting to disbursements, increase the quality of information reported, and improve the use of this information by the Secretariat in making disbursement decisions. The revised PUDR forms were made mandatory in June 2011 and will eventually be published on the Global Fund website.

EFR is expected to play a key role in supporting value for money initiatives related to calculating service delivery costs. The USG is encouraged by the development of this EFR system, and believes it marks a significant step forward in terms of the Global Fund's ability to account for expenditures. Moving forward, it will be important for the Secretariat to continue monitoring the quality and completeness of data presented in the EFR as this data will be the basis for making performance-based funding decisions.

The following annexes are available with the version of this report posted at http://www.pepfar.gov/coop/globalfund/reports/index.htm:

Tab 1 – Letter from the Global Fund Secretariat (June 2011)
Tab 2 – Ernst & Young 2010 Audited Financial Statements
Tab 3 – OIG Progress Report for March – October 2010 and 2011 Audit Plan and Budget
Tab 4 – OIG Progress Report for November 2010 – March 2011
Tab 5 – Lessons Learned from Country Audits (March 2011)
Tab 6 – 2010 Enhanced Financial Reporting Results

Investing in our future
The Global Fund
To Fight AIDS, Tuberculosis and Malaria

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30 June, 2011

Ambassador Eric Goosby, MD
United States Global AIDS Coordinator
Office of the United States Global AIDS Coordinator
2201 C Street NW Room 1004
United States Department of State
WASHINGTON DC 20520
United States of America

Dear Ambassador Goosby,

Thank you for your letter dated May 26, 2011, requesting information needed for your Global Fund financial oversight report to the U.S. Congress.

I am pleased to provide you herewith with the most recent financial information on Global Fund commitments, disbursements and expenditures collected through our Enhanced Financial Reporting (EFR) system, as well as an update on the Secretariat's efforts to strengthen EFR implementation. I am also attaching a copy of the Global Fund's external auditors' report.

I hope that the information provided meets the requirements for reporting to the U.S. Congress. Please do not hesitate to contact the Global Fund Secretariat should you need any further information or clarification.

I would like to take this opportunity to express my sincere gratitude for your Government's continued support to the Global Fund. I look forward to continuing our cooperation in order to further strengthen our efforts towards improved health services for people in need in developing countries.

Yours sincerely

Professor Michel Kazatchkine
Executive Director

The Global Fund's Enhanced Financial Reporting – 2010 Results

The Global Fund portfolio increased from 448 active grants with a total budget of $ 8.4 billion by 31st December 2009, to 538 active grants with a total budged of $ 11.7 billion, by 31st December 2010. The Global Fund portfolio is summarized by cost category, disease, service delivery area and implementing entity in the tables and charts contained in Annex 1 through 3. The figures are based on a consolidation of the EFR information reported in 2009 as well as results reported from 538 active grants at the end of their reporting periods in 2010 (Period end dates ranged from 31st January 2010 to 31st of December 2010 based on the grant cycle year or fiscal year).

Cumulative Disbursements at the close of the reporting period for the grants included in the report was approximately $10.7 billion. The total budget for the grants included in the report was $11.7 billion with reported expenditure of $9.1 billion producing an average expenditure rate of 78% for the Portfolio.

The overall compliance with EFR requirements among Principal Recipients was 95%, which was in line with our expectations. The remaining gap in compliance, however, can cause some slight distortion of the data. For example, statistics figures outlined in Annex 3 for implementing entities will show higher overall percentage of the portfolio allocated to UNDP than it actually is. This is explained by the fact that UNDP grants were 100% compliant with EFR reporting requirements against 95% compliance for the entire portfolio. In addition, EFR did not require Sub Sub Recipients to be presented separately in the reports as their budgets and expenditure are reported within those of the relevant sub recipient. This will *inter alia* lead to an underestimation of the proportion of funds that are flowing through the NGO/CBO/Academic and Faith Based Organizations categories.

Given the nature of the programs financed by the Global Fund and prevailing conditions in many of the places where they are implemented, it has been found to be prudent operational policy to provide a buffer in scheduling disbursements, in order to avoid shortfalls which could compromise the provision of life-saving treatment. Thus, as it may be noticed in the charts, reported expenditures for activities which follow the planned implementation schedule, tend not to reach the amount budgeted for the period.

Secretariat's efforts to strengthen EFR implementation

The Secretariat's efforts to strengthen EFR implementation have resulted in an increase to 95% in EFR compliance in 2010, the highest rate since EFR was launched in 2008.

As part of the reform agenda, the Global Fund has taken the decision to integrate EFR into the Progress Update Disbursement Request (PUDR) Forms on an annual basis. This initiative is expected to further increase compliance by directly linking EFR reporting to disbursements. The initiative is also expected to increase the quality of information reported and improve the use of that information by the Secretariat in making disbursement decisions. These new PUDR forms will be mandatory from 30th June 2011

for all Principal Recipients and individual EFR grant reports will also be published on the Global Fund website

EFR is also envisaged to play a key role in supporting value for money initiatives related to calculating service delivery costs. Currently a data mining initiative is underway with funding by the Gates Foundation to analyze existing information. We expect there will be recommendations on how to further strengthen the quality and consistency of EFR data going forward.

In addition, EFR information is being used to improve Risk Management through analysis high risk expenditure and/or complex grants (i.e. large grants with multiple SRs) across the Global Fund portfolio. EFR continues to be an important element in linking financial expenditure with programmatic results for making performance-based funding recommendations at the time of Phase 2 review. Finally, EFR is used to respond to the numerous stakeholder information requests received by the Global Fund.

Given the budgetary and headcount constraints of the past few years, it has not been possible to carry out systematic in-depth efforts to support recipients to improve the quality and consistency of the data entered. Additional human resources dedicated to EFR have been included in the supplementary budget request (recently recommended by the Finance and Audit Committee but yet to be approved by the Board) to implement the reform agenda. If approved this should greatly strengthen our ability to capture the full potential of the EFR system and maximize the impact of our grants.

List of Annexes

- Annex 1 – Portfolio by Cost Category
- Annex 2 – Portfolio by Disease
- Annex 2.1 – HIV/AIDS Portfolio by Service Delivery Area
- Annex 2.2 – TB Portfolio by Service Delivery Area
- Annex 2.3 – Malaria Portfolio by Service Delivery Area
- Annex 3 – Portfolio by Implementing Entity

Report of the statutory auditor

with financial statements as of 31 December 2010 of

The Global Fund to fight Aids, Tuberculosis and Malaria, Vernier

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To the Foundation Board of

The Global Fund to fight Aids, Tuberculosis and Malaria, Vernier

Lancy, 12 May 2011

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of The Global Fund to fight Aids, Tuberculosis and Malaria (the "Global Fund"), which comprise the statement of financial position, statements of activities, statement of comprehensive income, statement of cash flows and statement of changes in funds, and notes for the year ended 31 December 2010.

Global Fund Secretariat's responsibility
The Global Fund Secretariat is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS), the requirements of Swiss law as well as with the By-laws of the Global Fund. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Global Fund Secretariat is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) as well as Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating

the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2010 present a true and fair view of the financial position, the results of operations and the cash flows, in accordance with International Financial Reporting Standards (IFRS), and comply with Swiss law as well as with the By-laws of the Global Fund.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 83b para. 3 Swiss Civil Code (CC) in relation to Art. 728 Swiss Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 83b paragraph 3 CC in relation to article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Global Fund Secretariat.

Ernst & Young Ltd

Laurent Bludzien
Licensed Audit Expert
(Auditor in charge)

Thomas Madoery
Licensed Audit Expert

Enclosures

- Financial statements (statement of financial position, statements of activities, statement of comprehensive income, statement of cash flows and statement of changes in funds, and notes)

Financial statements of

The Global Fund to Fight AIDS, Tuberculosis and Malaria

as of 31 December 2010

prepared in accordance with International Financial Reporting Standards

together with the Report of the independent auditors

Statement of Financial Position
at 31 December 2010

In thousands of US dollars	Notes	2010	2009
ASSETS			
Cash and bank balances	2.4, 2.13	19'816	19'713
Funds held in trust	2.4, 2.5, 3.1	5'288'463	5'682'653
Provident Fund Investments	5	39'500	-
Promissory notes maturing within one year	2.6	441'764	352'326
Contributions receivable within one year	2.6	143'520	839'153
Prepayments and miscellaneous receivables		3'841	4'561
		5'936'904	6'898'406
Promissory notes maturing after one year	2.6	207'107	211'304
Contributions receivable after one year	2.6	100'677	95'018
		307'784	306'322
Total ASSETS		**6'244'688**	**7'204'728**
LIABILITIES and FUNDS			
Liabilities			
Undisbursed grants payable within one year	2.7, 3.3.1, 4	3'294'266	3'001'912
Accrued expenses	4	62'495	53'542
Accounts payable		9'865	14'686
Deferred contributions	2.6, 3.3.2	156'302	53'698
		3'522'928	3'123'838
Undisbursed grants payable after one year	2.7, 3.3.1	1'133'430	1'304'548
Deferred contributions realized after one year	2.6, 3.3.2	49'854	153'360
Employee benefit liability		39'258	30'354
		1'222'542	1'488'262
Total LIABILITIES		**4'745'470**	**4'612'100**
FUNDS at the end of the year			
Attributed as follows:			
Foundation capital		50	50
Temporarily restricted funds	2.6	13'449	15'131
Unrestricted funds		1'485'719	2'577'447
Total FUNDS		**1'499'218**	**2'592'628**
Total LIABILITIES and FUNDS		**6'244'688**	**7'204'728**

Zubair Hassan
Chief Finance Officer

Prof. Michel Kazatchkine
Executive Director

Statement of Activities
for the year ended 31 December 2010

In thousands of US dollars	Notes	2010	2009
INCOME			
Contributions	2.6, 3.2	2'328'967	2'590'436
Foreign currency exchange gain/ (loss)	2.6	(97'147)	124'832
Bank and Trust fund income	2.5	149'684	150'403
Total INCOME		**2'381'504**	**2'865'671**
EXPENDITURE			
Grants	2.7, 3.4	3'221'164	3'998'268
Foreign currency exchange (gain)/ loss	2.7	(35'752)	(7'476)
Un-collectible contributions	2.8, 3.5	26'729	1'100
Employment costs	2.10, 2.11, 3.7, 3.8 3.9, 5	107'056	91'681
Local Fund Agent fees	2.9	57'944	57'061
Other operating expenses	3.6	97'773	79'537
Total EXPENDITURE		**3'474'914**	**4'220'171**
INCREASE/ (DECREASE) IN FUNDS for the year		**(1'093'410)**	**(1'354'500)**

Statement of Comprehensive income
for the year ended 31 December 2010

In thousands of US dollars	2010	2009
Net Increase/ (Decrease) in funds for the year	(1'093'410)	(1'354'500)
Other comprehensive gain/ (loss)	-	-
Total comprehensive gain/ (loss) for the year	**(1'093'410)**	**(1'354'500)**

Zubair Hassan
Chief Finance Officer

Prof. Michel Kazatchkine
Executive Director

Statement of Cash Flows

for the year ended 31 December 2010

In thousands of US dollars	Notes	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions received		2'804'761	3'110'996
Bank and Trust fund income	2.5	149'684	150'403
		2'954'445	**3'261'399**
Grants disbursed in the year		(3'060'680)	(2'741'984)
Deferred contributions	3.3.2	(902)	207'058
Provident Fund Investments		(39'500)	-
Payments to suppliers and personnel		(247'450)	(180'220)
		(3'348'532)	**(2'715'146)**
CASH FLOWS FROM OPERATING ACTIVITIES being the net increase in cash and cash equivalents		**(394'087)**	**546'253**
CASH AND CASH EQUIVALENTS at beginning of the year	2.4	**5'702'366**	**5'156'113**
CASH AND CASH EQUIVALENTS at end of the year	2.4	**5'308'279**	**5'702'366**

Zubair Hassan
Chief Finance Officer

Prof. Michel Kazatchkine
Executive Director

Statement of changes in Funds for the year ended 31 December 2010

In thousands of US dollars

	Foundation capital	Temporarily restricted funds	Unrestricted funds	Total
Note		2.7		
As at 1 January 2009	50	46'251	3'900'827	3'947'128
Increase/ (Decrease) in funds for the year	-	(31'120)	(1'323'380)	(1'354'500)
At 31 December 2009	50	15'131	2'577'447	2'592'628
As at 1 January 2010	50	15'131	2'577'447	2'592'628
Increase/ (Decrease) in funds for the year	-	(1'682)	(1'091'728)	(1'093'410)
At 31 December 2010	50	13'449	1'485'719	1'499'218

Zubair Hassan
Chief Finance Officer

Prof. Michel Kazatchkine
Executive Director

1. Activities and Organization

The Global Fund to Fight AIDS, Tuberculosis and Malaria (the "Global Fund") is an independent, non-profit foundation that was incorporated in Geneva, Switzerland on 22 January 2002. The current address is Chemin de Blandonnet 8, 1214 Vernier, Switzerland. The purpose of the Global Fund is to attract and disburse additional resources to prevent and treat AIDS, tuberculosis and malaria. The Global Fund provides grants to locally-developed programs, working in close collaboration with governments, non-governmental organizations, the private sector, development agencies and the communities affected by these diseases.

The Global Fund has been founded on the following principles:

- Rely on local experts to implement programs directly;
- Make available and leverage additional financial resources to combat the three diseases;
- Support programs that reflect national ownership and respect country-led formulation and implementation processes;
- Operate in a balanced manner in terms of different regions, diseases and interventions;
- Pursue an integrated and balanced approach covering prevention, treatment and care, and support in dealing with the three diseases;
- Evaluate proposals through independent review processes based on the most appropriate scientific and technical standards that take into account local realities and priorities;
- Seek to establish a simplified, rapid, innovative grant-making process and operate in a transparent and accountable manner based on clearly defined responsibilities. One accountability mechanism is the use of Local Fund Agents to assess local capacity to administer and manage the implementation of funded programs.

Most financial contributions are received directly and held in the Trust Fund which is administered by the International Bank for Reconstruction and Development (the "World Bank"), as Trustee, for the Global Fund to Fight AIDS, Tuberculosis and Malaria until disbursed as grants or transferred to the Global Fund for operating expenses. The responsibilities of the Trustee include management of contributions and investment of resources according to its own investment strategy. The Trustee makes disbursements from the Trust Fund only upon written instruction of the Global Fund.

At the end of the administrative services agreement on 31 December 2008 between the Global Fund and World Health Organization ("WHO") all personnel and administrative services to support the operations of the Global Fund were made autonomous and undertaken directly by the Global Fund.

These financial statements were authorized for issuance by the Board on 12 May 2011.

2. Significant Accounting Policies

2.1 Statement of Compliance

The financial statements have been prepared in accordance with and comply with the International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These standards currently do not contain specific guidelines for non-profit organizations concerning the accounting treatment and presentation of the financial statements. Consequently Statement of Financial Accounting Standard ("SFAS") 116: "Accounting for Contributions Received and Contributions Made" has been applied in respect of the recognition of contributions and grants, and SFAS 117: "Financial Statements of Not-for-Profit Organizations" has been applied in respect of temporarily restricted contributions and funds balance.

2.2 Basis of Presentation

The financial statements are presented in US dollars, the Global Fund's operating currency, rounded to the nearest thousand. Management elected not to operate and report in Swiss Francs, the domestic currency, as its cash flows are primarily in US dollars.

The financial statements are prepared under the historical cost convention, except for the following assets and liabilities:

- funds held in trust as indicated in Note 2.5;
- non-current contributions receivable and promissory notes as indicated in Note 2.6; and
- non-current undisbursed grants as indicated in Note 2.7.

The preparation of the financial statements requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and reported amounts of income and expenses during the reporting period. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified through the statement of activities as appropriate in the year in which the circumstances change.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of long-term portions of Assets and Liabilities : Valued based on the expected cash flows discounted using the rates of investment returns on funds held in trust respectively in US dollars and Euros and applied to long-term assets and liabilities denominated in those currencies. Long-term assets and liabilities are not held in any other currencies. This valuation requires the Global Fund to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

2. Significant Accounting Policies (continued)

2.3 Foreign Currency

All transactions in other currencies are translated into US dollars at the exchange rate prevailing at the time of the transaction. Financial assets and liabilities in other currencies are translated into US dollars at the year-end rate.

2.4 Cash and cash equivalents

The Global Fund considers that Cash and cash equivalents include Cash and bank balances and Funds held in trust that are readily convertible to cash within three months.

2.5 Funds held in trust

Assets held in trust by the World Bank are held in a pooled cash and investments portfolio established by the Trustee for all trust funds administered by the World Bank Group. These investments are actively managed and invested in high-grade instruments according to the risk management strategy adopted by the World Bank. The objectives of the investment portfolio strategy are to maintain adequate liquidity to meet foreseeable cash flow needs, preserve capital (low probability of negative total returns over the course of a fiscal year) and optimize investment returns.

The movement in fair value of funds held in trust is recognised in the Statement of Activities.

2.6 Contributions

In accordance with SFAS 116 contributions governed by a written contribution agreement are recorded as income when the agreement is signed. Other contributions are recorded as income upon receipt of cash or cash equivalents, at the amount received.

Contributions are considered received when remitted in cash or cash equivalent, or deposited by a sovereign state as a promissory note, letter of credit or similar financial instrument.

Contributions receivable under written contribution agreements signed on or before the date of the statement of financial position but which have not been received at that date are recorded as an asset and as income. Promissory notes maturing and contributions receivable later than one year after the date of the statement of financial position are discounted to estimate their present value at this same date. The movement of valuation of promissory notes and contributions receivable is recognised in the Statement of Activities.

The Global Fund reviews all contributions receivable as at the date of statement of financial position for any potential risk and uncertainty in the future cash flows resulting from the factors known to the Management. An appropriate risk premium is applied on receivable balances to reflect the inherent risk profile.

Foreign currency exchange gains and losses realized between the date of the written contribution agreement and the date of the actual receipt of cash and those unrealized at the date of the statement of financial position are recorded as part of contributions income.

In accordance with SFAS 117 contributions received whose use is limited by donor-imposed purpose or time restrictions have been classified as temporarily restricted contributions.

2.6 Contributions (continued)

Non-cash contributions donated in the form of goods or services (in-kind contributions) are recognized at the time of receipt and reported as equal contributions and expenses in the Statement of Activities, at their estimated economic value to the Global Fund.

Contributions received that relate to an expense item are recognised as deferred revenue and released as income to the Statement of Activities over the period necessary to match the contribution on a systematic basis to the cost that it is intended to compensate.

2.7 Grants

All grants are governed by a written grant agreement and, in accordance with SFAS 116, are expensed in full when the agreement is signed.

Grants or portions of grants that have not been disbursed at the date of the statement of financial position are recorded as liabilities. The long-term portion of such liabilities represents amounts that are due to be disbursed later than one year after the date of the statement of financial position, discounted to estimate its present value at this same date. The movement in valuation of undisbursed grants is recognised in the Statement of Activities.

Foreign currency exchange gains and losses realized between the date of the written grant agreement and the date of the actual disbursement of cash and those unrealized at the date of the statement of financial position are recorded as part of Statement of Activities.

2.8 Financial Assets - Valuation

A financial asset or financial liability at fair value through Statement of Activities is a financial asset or financial liability that is classified as held for trading and is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. When a financial asset or financial liability is recognised initially, it is measured it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent measurement of financial assets after initial recognition is measured at fair value through Statement of Activities. A gain or loss on a financial asset or financial liability classified as at fair value through Statement of Activities shall be recognised in the Statement of Activities.

2.9 Impairment of financial assets

The Global Fund assesses at the date of statement of financial position whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost: When there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective rate of investment return (i.e. the effective rate of investment return computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the loss is recognised in the Statement of Activities.

2. Significant Accounting Policies (continued)

2.9 Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment has been recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Activities.

In relation to promissory notes and contributions receivable, a provision for impairment is made if there is objective evidence (such as the probability of insolvency or significant financial difficulties of the donor or debtor) that the Global Fund is not able to collect all of the amounts due under the terms of the written contribution agreement or the invoice.

The carrying value of receivable balance is reduced by creating a provision for uncollectible revenue and other receivable balances as follows:

a) Contributions receivable from sovereign governments:

- 50% write-down of the contribution receivable if not received within 24 months from the due date of receipt as stipulated in the contribution agreement
- 75% write-down of the contribution receivable if not received within 36 months from the due date of receipt as stipulated in the contribution agreement

Write off 100% of the contribution receivable if not received within 48 months from the due date of receipt as stipulated in the contribution agreement

b) Contribution receivable from non-government agencies:

- 50% write-down of the contribution receivable if not received within 12 months from the due date of receipt as stipulated in the contribution agreement

Write-off 100% of the contribution receivable if not received within 18 months from the due date of receipt as stipulated in the contribution agreement

c) Receivable from employees and others: Write-off 100% of the balance recoverable if not received within 12 months of the cessation of the employee's service agreement or contractual agreement with the Global Fund.

Available-for-sale financial investments: The Global Fund has no available-for-sale financial instruments at the reporting date.

2.10 Local Fund Agent Fees

Fees to Local Fund Agents to assess local capacity prior to and during grant negotiation, and to manage and monitor implementation of funded programs as grants are disbursed, are expensed as the work is completed.

2.11 Personnel

Since 1 January 2009 all personnel and related costs, including current and post employment benefits are administered by the Global Fund. Up until 31 December 2008 these costs were managed by the WHO and charged in full to the Global Fund. An additional provision for US$ 3.1 million (2009: US$ 3.6 million) has been created towards estimated liability for any loss of benefits to the Global Fund employees resulting from early withdrawal from UNJSPF. A small

2. Significant Accounting Policies (continued)

2. 11 Personnel (continued)

number of staff were permitted to continue making pension contributions to UNJSPF and therefore did not join the Global Fund Provident Fund (GFPF) scheme.

2.12 Employee Benefits

Effective 1 January 2009 the Global Fund Provident Fund, GFPF, was established for the purposes of providing retirement, death and disability benefits for the employees of the Global Fund and their qualifying dependents and beneficiaries. The GFPF is the same legal entity as the Global Fund. It is a segregated fund with an autonomous governance structure.

2.12.1 Actuarial valuation

The cost of defined benefit provident plan and the present value of the provident fund obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined contribution obligation is highly sensitive changes in these assumptions. All assumptions are reviewed at each reporting date.

2.12.2 Defined Benefit Obligation (DBO)

The plan liability is calculated by projecting the current account balance to the expected future date of payment based on the assumed interest credit rate and future savings contributions. This is discounted back to the valuation date using the Discount Rate. The liability is then pro-rated by the ratio of accrued service to the expected total service. In practice sub-account A and sub-account B grow at different rates, so each member's account is split in order to do the projection.

2.12.3 Risk Benefits

The fund provides death and disability benefits which exceed the amount of savings capital. The excess death benefit is a lump sum equivalent to projected retirement Contributions. The excess disability benefit is an income replacement together with a contributions waiver. These benefits are fully reinsured.

2.12.4 Employer / Net service Cost

Employer / Net service Cost is the total service cost less the amount of regular employee contributions. The total service cost includes an element based on savings, expenses to cover administration and premium to cover insurance. The resulting value can then be subject to a minimum of the actual employer contributions.

2.12.5 Amortization of Gains / Losses: Use of corridor

A corridor of up to 10% of the greater of the DBO and assets can be adopted. Only cumulative gains / losses outside the corridor are amortised through the Statement of Activities.

2.12.6 Amortization of Gains / Losses

The actuarial gains or losses are spread over a period of expected future working lifetime to slow the recognition of unrecognized gains or losses through the Statement of Activities.

2. Significant Accounting Policies (continued)

2.12 Employee Benefits (continued)

2.12.7 Transition Credits

Transition Credits are the award of additional retirement benefits funded by the Global Fund as compensation for the loss of benefit. These are vested over the calendar year 2010. The Global Fund made an additional amendment contribution in 2010 for Transition Credits for US$ 3.2 million (2009: US$3.6 million)

2.12.8 Compensatory Interest

Compensatory Interest is the award of additional savings by the Global Fund as compensation for the loss of benefit in the time value lost between staff leaving the UNJSPF and UNJPSF being able to transfer staff the money due to them. The amounts are smaller than the Transition Credits and fewer people will meet the eligibility criteria. These vest over 2009 and 2010.

2.12.9 Discount rate

The Discount Rate is based on market yields of high quality bonds at the end of the reporting period. Bonds should be consistent in currency and term with the liabilities.

2.13 Changes in Accounting and Reporting

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and International Financial Standards Reporting Interpretations Committee (IFRIC) interpretations that become effective during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of The Global Fund. They did, however, give rise to the new presentation of the statement of comprehensive income and expenditure.

2.13.1 **Amendments to Current Accounting and Reporting**

- IFRS 1 : First-time Adoption of International Financial Reporting Standards
- IFRS 2: Share-based Payment
- IFRS 3 Business Combinations
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 19 Employee Benefits
- IAS 27 Consolidated and Separate Financial Statements
- IAS 32 Financial Instruments: Presentation – Disclosure provisions
- IAS 36 Impairment of Assets
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

2.13.2 **Future Changes in Accounting and Reporting:**

Standards issued but not yet effective up to the date of issuance of the Global Fund's financial statements are listed below. It is not expected that any of these Standards will have a material effect on the Global Fund's financial statements.

2. Significant Accounting Policies (continued)

2.13.2 **Future Changes in Accounting and Reporting (continued):**

- IFRS 1 First-time Adoption of International Financial Reporting Standards: additional exemptions for first timer adopters, effective from January 1st, 2011
- IFRS 7 Financial Instruments: Disclosures, effective from January 1st, 2011 and July 1st, 2011.
- IFRS 9 Financial Instruments, effective from January 1st, 2013
- IAS 1 Presentation of Financial Statements, effective from January 1st, 2011
- IAS 12 Income Taxes, effective from January 1st, 2012
- IAS 24 Related Party Disclosures, effective from January, 1st 2011
- IAS 34 Interim Financial Reporting, effective from January 1st, 2011.

2.14 Hedging arrangement

In December 2010 following the Board decision GF/BM22/DP28, the Global Fund entered into a hedge agreement with the Credit Suisse to buy CHF and sell US$ to secure a hedging arrangement for administering its operating expenditure that are primarily denominated in CHF.

As a pre-condition to establishing the hedge contract, the Global Fund also opened a loan facility with the Credit Suisse for the amount of CHF 17.5 million on 23rd December 2010 as a margin cover for the hedging contract. The loan facility reduces every month that the hedging contract is performed, and will be reduced to zero to 31st December 2011. If there are no defaults by the Global Fund on meeting its payment obligation under the hedging contract, the loan facility will not be used, and there will be no cost implications to the Global Fund.

As a further pre-condition to establishing the hedging contract, the Credit Suisse requested the Global Fund to maintain a minimum balance of CHF 20 million at all times in its account balance at the bank. There is no restriction on which accounts or currency these funds should be held in at the Credit Suisse, and no lien is given to the bank in respect of any of the CHF 20 million balance.

The hedging transaction was concluded in January 2011. As at 31 December 2010, the Global Fund did not utilize any credit facility and was not required to maintain the minimum cash balance.

2.15 Subsequent events

The Global Fund has reviewed the events occurring after the date of Statement of Financial Position and all material implications have been incorporated.

3. Details relating to the financial statements

In thousands of US dollars unless otherwise stipulated

3.1 Funds held in trust

	2010	2009
World Bank	5'288'463	5'682'653
	5'288'463	**5'682'653**

3.2 Contributions

	2010	2009
Governments	2'249'837	2'542'761
Private sector	1'100	7
AMFm Restricted- Governments	3'496	-
Temporarily restricted- Governments	37'566	14'191
Temporarily restricted- Others	36'967	33'477
	2'328'967	**2'590'436**

Contributions received including encashed promissory notes	2'928'635	2'987'264
Increase in promissory notes to be encashed	85'241	111'082
Increase/ (Decrease) in contributions receivable	(689'974)	(508'487)
Deferred Revenue released in the Statement of Activities	3'496	-
Contributions in kind	1'569	577
	2'328'967	**2'590'436**

3.3 Liabilities

3.3.1 Undisbursed grants payable

	2010	2009
Payable within one year	3'294'266	3'001'912
Payable after one year	1'133'430	1'304'548
	4'427'696	**4'306'460**
Undisbursed grants due in 2010	-	3'001'912
Undisbursed grants due in 2011	3'294'266	1'223'549
Undisbursed grants due in 2012	1'093'823	135'765
Undisbursed grants due in 2013	87'255	-
	4'475'315	4'361'226
Discounted at the Trust Fund average rate of return	(47'618)	(54'766)
Present value of undisbursed grants	**4'427'696**	**4'306'460**

3. Details relating to the financial statements (continued)
In thousands of US dollars unless otherwise stipulated

3.3.1 Undisbursed grants payable (continued)

In addition to the grant agreements entered into as outlined above, the Board has approved US$ 4.2 billion (2009: US$ 4.9 billion) of new grants which will become liabilities upon signature of the grant agreements.

3.3.2 Deferred Contributions

	2010	2009
At January 1	207'058	-
Contributions deferred during the year	-	214'793
Deferred contributions released to the Statement of Activities	(3'496)	-
Revaluation during the year	(2'894)	-
Discounted at the Trust Fund average rate of return	5'488	(7'735)
At December 31	206'156	207'058
Contributions received during the year		
World Health Organization (acting for the benefit of UNITAID)	65'000	65'000
UK- DFID	62'490	-
Gates Foundation	9'834	9'531
	137'324	74'531
Deferred contributions released to the Statement of Activities	-	-
within one year	156'302	53'698
after one year	49'854	156'360
	206'156	207'058

The deferred contributions relate to the restricted funding from donors to provide co-payment funding support to the Affordable Medicines Facility - malaria (AMFm) project. This includes US$ 130 million from the World Heath Organization acting for the benefit of UNITAID ; US$ 20.02 million from the Bill & Melinda Gates Foundation and GBP 40 million from the Government of the United Kingdom of Great Britain and Northern Ireland.

During the year US$ 3.5 million was charged to the Statement of Activities towards AMFm co-payments and accordingly recognized as revenue for the year.

3.4 Grants expenditure

	2010	2009
Grants disbursed in the year	3'096'432	2'749'461
Movement in undisbursed grants	121'236	1'248'807
AMFm co-payment grants	3'496	-
	3'221'164	**3'998'268**

3. Details relating to the financial statements (continued)
In thousands of US dollars unless otherwise stipulated

3.5 Un-collectible contributions

	2010	2009
Governments		
Impaired	500	100
Cancelled	17'769	-
Default discount premium	8'460	-
Private sector: Impaired contribution s	-	1'000
	26'729	**1'100**

An outstanding contribution of US$ 0.5 million from Uganda due from 2007 was written-off as being uncollectible. During the year Netherlands partly cancelled contributions of EUR 13.6 million (US$ 17.8 million).

The risk assessment of contribution receivable from Cote d'Ivoire necessitated a risk premium of 70% on EUR 9 million (USD 12.1 million) resulting in a discount premium of USD 8.5 million being recognized in the Statement of Activities. The carrying value of the contribution receivable from Cote d'Ivoire is reduced to USD 3.6 million in the Statement of Financial Position.

3.6 Operating expenses

	2010	2009
Secretariat expenses		
Trustee fee	2'700	2'550
Other professional services	29'700	27'014
Travel and meetings	19'531	18'535
Communication materials	4'421	3'725
Office rental	8'240	7'635
Office infrastructure costs	27'544	16'454
Other	904	1'420
	93'040	77'333
Country Coordination Mechanism Funding	4'105	2'204
Board Constituency Funding	628	-
	97'773	**79'537**

Included in Operating expenses above are contributions in kind attributed as follows:

	2010	2009
Contributions in kind		
Other professional services	949	577
Travel and meetings	-	-
Communication materials	620	-
	1'569	**577**

3. Details relating to the financial statements (continued)
In thousands of US dollars unless otherwise stipulated

3.7 Personnel

As described in Note 1, at the end of the administrative services agreement between the Global Fund and the WHO all personnel as at 1st January 2009 were transferred to Global Fund employment contracts. All new personnel recruited during the year have been appointed on Global Fund staff contracts. At 31 December 2010 there were 604 personnel employed by the Global Fund (2009: 569). Of these, 494 were employed under on-going contracts (2009 : 471). All other personnel are employed under contracts of defined duration which range between three months and two years.

3.8 Remuneration of key management

Key management, in common with all personnel employed by the Global Fund, are remunerated according to the Global Fund salary scale. Remuneration consists of salary, allowances and employer contributions towards provident fund and insurance schemes. Remuneration of key management, comprising the Executive Director, the Deputy-Executive Director, heads of the Global Fund's five business units, and the Inspector General, amounted to US$ 3.6 million in 2010 which includes US$ 0.4 million of contributions for pension funds and related insurance benefits (2009: US$ 2.8 million).

The Global Fund does not remunerate its Board members.

3.9 Employee benefit liability

The GFPF scheme has been established on a defined contribution basis which determines the rate of regular employee and employer contributions to be made in Swiss Francs (CHF). However, the savings account has a guaranteed minimum interest of "LPP rate" +2% on contributions relating to the pensionable remuneration under CHF 80'000, "sub-account A". ("LPP rate" is the minimum interest rate guaranteed under Swiss pension fund law). To the extent it has been treated as a defined benefits plan, as the Global Fund is required to make an additional contribution to the plan in case of a deficit for the guaranteed returns to the plan participants. The Global Fund retains the actuarial and investment risk. The benefits for death and disability in service in excess of the savings account are fully reinsured.

3. Details relating to the financial statements (continued)
In thousands of US dollars unless otherwise stipulated

3.9 Employee benefit liability (continued)

Change in benefit obligation	2010	2009
Exchange rate (CHF: USD)	0.9405568	1.0377750
Benefit obligation at beginning of year	28'275	-
Current service cost	17'106	15'542
Interest cost	1'153	-
Plan participants' contributions	-	-
Amendment- Contributions for Transition Credits made in:		
-2008		12'000
-2009		3'638
-2010	3'069	
Unrecognized Actuarial (gain)/loss	(3'573)	(2'079)
Benefits paid from plan/company	(3'435)	(327)
Premiums paid	(1'128)	(499)
Expenses paid	(943)	
Divestitures/transfers	401	
Valuation loss	(3'251)	
FX Loss	(4'068)	
Benefit obligation at end of year	**33'606**	**28'275**

Amounts recognized in the statement of financial position	2010	2009
Present value of unfunded obligations	33'606	28'275
Unrecognized net actuarial gain/(loss)	5'652	2'079
Net liability (asset)	**39'258**	**30'354**

Components of pension cost	2010	2009
Amounts recognized in the Statement of Activities		
Current service cost	11'840	10'567
Plan participants' contributions	3'159	3'638
Total pension cost recognized in the Statement of Activities	**14'999**	**14'205**

3. Details relating to the financial statements (continued)
In thousands of US dollars unless otherwise stipulated

3.9 Employee benefit liability (continued)

Principal actuarial assumptions	2010	2009
Weighted-average assumptions to determine benefit obligations		
Discount rate	2.60%	3.00%
Rate of compensation increase	1.50%	2.30%
Weighted-average assumptions to determine net cost		
Discount rate	3.00%	3.20%
Rate of compensation increase	2.30%	2.30%

History of experience gains and losses	2010	2009
Experience (gain)/ loss on plan liabilities		
a. Amount	(3'357)	(2'600)
b. Percentage of present value of plan liabilities	(8%)	(9%)
Other required disclosure amounts		
Contributions expected to be paid to the plan during the annual period beginning after the reporting period	6'070	4'391

3.10 Taxation

The Global Fund is exempt from tax on its activities in Switzerland, the United States and Moldova.

3.11 Lease Commitments

At 31 December 2010, the Global Fund has the following outstanding operating lease commitments:

Year	Office space
2011	9'756
2012	9'756
2013	1'207
2014	429
2015	107
	21'255

3. Details relating to the financial statements (continued)
In thousands of US dollars unless otherwise stipulated

3.12 Lease payments expensed during the year

During 2010, the Global Fund incurred the following lease expenses:

	2010	2009
Supplier:		
Genblan – office space	7'863	7'635
TCS – office space	377	-
	8'240	**7'635**

4. Financial Instruments- Funds held in Trust

The Global Fund employs the following risk management policies to financial instruments:

Market risk: The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, in interest rates or in currency rates whether those changes are caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. The Global Fund has assigned the management of market risk primarily to the Trustee, and does not use derivative financial instruments to reduce its market risk exposure on other financial instruments.

Interest rate risk: The risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Global Fund does not use derivative financial instruments to reduce its exposure risk on interest from variable rate bank balances and funds held in trust.

Currency risk: The risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Global Fund hedges its exposure to currency risk by matching grant liabilities in Euros with assets in the same currency to the extent possible.

Credit risk: Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. The Global Fund does not use derivative financial instruments to reduce its credit risk exposure.

The Global Fund's maximum exposure to credit risk in relation to cash and bank balances, funds held in trust, promissory notes and contributions receivable is the carrying amount of those assets as indicated in the statement of financial position. The Global Fund places its available funds with high quality financial institutions to mitigate the risk of material loss in this regard. With respect to the Global Fund's promissory notes and contributions receivable, management believes these will be collected as they result from mutually signed contribution agreements primarily with governments.

As described in Note 2.5, those funds held in trust by the World Bank, acting as Trustee for the Global Fund, are held together with other trust fund assets administered by the World Bank in a pooled cash and investments portfolio ("the Pool"). The Pool is actively managed and invested in accordance with the investment strategy established by the Trustee for all trust funds administered by the World Bank Group. The objectives of the investment strategy are foremost to maintain adequate liquidity to meet foreseeable cash flow needs and preserve capital and then to optimize investment returns. The Pool is exposed to market, credit and liquidity risks. Promissory notes and contributions

4. Financial Instruments (continued)

receivable are exposed to credit, currency and liquidity risks. There has been no significant change during the financial year or since the end of the year to the types of financial risks faced by the Trust Fund or the Trustee's approach to the management of those risks. The exposure and the risk management policies employed by the Trustee to manage these risks are discussed below:

Market risk: The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, currency rates or changes in interest rates. The Trust Fund is exposed to market risk, primarily related to foreign exchange rates and interest rates. The Trustee actively manages the Pool so as to minimize the probability of incurring negative returns over the applicable investment horizon.

Interest rate risk: The Trustee uses a value at risk (VAR) computation to estimate the potential loss in the fair value of the Pool's financial instruments with respect to unfavourable movements in interest rate and credit spreads. As of 31 December 2010, the VAR is measured using a parametric/analytical approach. It assumes that the movements in the market risk factors are normally distributed. In constructing the covariance matrix of market risk factors, a time decay factor is applied to weekly market data for the past three years. This approach takes into account three years' historical market observations, while giving more weight to recent market volatility. As of 31 December 2009, the Trustee measured the VAR using the "Monte-Carlo Simulation" model to determine the observed inter-relationships between interest rate and credit spreads. These inter-relationships are determined by observing interest rate and credit spreads over a 5 year period of weekly historical data for the calculation of VAR amount. The absolute VAR of the Trust Fund's share of the portfolio over a twelve month horizon, at a 95% confidence level at 31 December 2010 is estimated to be US$ 83 million (2009: US$ 185 million on the prior mentioned basis of computation). The computation does not purport to represent actual losses in fair value of the Trust Fund's share in the Pool. The Trustee cannot predict actual future movements in such market rates and does not claim that these VAR results are indicative of future movements in such market rates or to be representative of the actual impact that future changes in market rates may have on the Trust Fund's future results or financial position.

Currency risk: The risk that the value of a financial instrument will fluctuate because of changes in currency exchange rates when there is a mismatch between assets and liabilities denominated in any one currency. In accordance with the Agreement and/or the instructions from the Global Fund, the Trustee maintains the share in pooled cash and investments of the Trust Fund in U.S. Dollars and Euros. Promissory notes are held in Euros and pound sterling, and majority of contribution receivables are denominated in Euros and pound sterling. Cash contributions received are converted into U.S. dollars on receipt, except when the Global Fund instructs the Trustee to hold selected cash contributions received in Euros. Commitments for administrative budgets, trustee fee and the majority of the grants are denominated in U.S. dollars. Commitments that are denominated in Euros are sufficiently covered by the portion of the share in pooled cash and investments maintained in Euros.
The following table details the sensitivity of the Statement of Activities to a strengthening or weakening of the major currencies in which the Trust Fund holds financial instruments. The percentage movement applied in each currency is based on the average movements in the previous three annual reporting periods. The average movement in the current period is based on beginning and ending exchange rates in each period.

4. Financial Instruments (continued)

	2010		2009	
Currency	*Change %*	*Amount US$ Million*	*Change %*	*Amount US$ Million*
Euro €	3%	(+/-) 20	3%	(+/-) 19
Pound Sterling £	16%	(+/-) 44	15%	(+/-) 77

Credit risk: The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Trust Fund's maximum exposure to credit risk at 31 December 2010 is equivalent to the gross value of the assets amounting to US$ 6,246 million (2009: US$ 7,206 million). The Trustee does not hold any collateral or credit enhancements except for repurchase agreements and resale agreements with counterparties. The Trustee invests in liquid instruments such as money market deposits, government and agency obligations, and mortgage-backed securities and derivative contracts. The Trustee limits to investments to those with minimum credit ratings in the U.S. markets or equivalent as follows:

- Money market deposits: issued or guaranteed by financial institutions whose senior debt securities are rated at least A-.
- Government and agency obligations: issued or unconditionally guaranteed by government agencies rated at least AA- if denominated in a currency other than the home currency of the issuer, otherwise no rating is required. Obligations issued by an agency or instrumentality of a government, a multilateral organization or any other official entity require a minimum credit rating of AA-.
- Mortgage-backed securities, Asset-backed securities and corporate securities: minimum rating must be AAA.
- Derivatives: counterparties must have a minimum rating of A+.

At the reporting date, approximately 86% (2009: 97%) of the Trust Fund's share of the investment pool is held in securities rated at least AA, and 100% (2009: 100%) is held in securities rated at least A-. At the reporting date, the Trust Fund's proportionate share is: Government and agency obligations - 47% (2008: 56%), Money market deposits – 36% (2009:6%), Mortgage-backed securities, Asset-backed securities and corporate securities- 17% (2009: 38%).

The Trustee identifies the concentration of credit risk based mainly on the extent to which the pool of cash and investments are held by an individual counterparty. The concentration of credit risk with respect to the pool of cash and investments is limited because the Trustee has policies that limit the amount of credit exposure to any individual issuer.
Notes and contributions receivable result from mutually signed contribution agreements. None of these financial assets are deemed uncollectible.

Fair value of financial instruments - The share in pooled cash and investments (the "Pool") is held in a trading portfolio which is reported at fair value. The Trust Fund's share in the Pool is not traded in any market, however, the underlying assets within the Pool are exchange traded and are

4. Financial Instruments (continued)

reported at fair value. The fair value is the amount for which a financial asset could be exchanged, or a financial liability settled, between knowledgeable, willing parties. If an active market exists, the market price is applied. If an active market does not exist, generally accepted valuation techniques, based on observable market data at the reporting date, are used instead. The most frequently used valuation estimation technique is the discounted cash flow method. The Trustee applies valuation techniques to unlisted trading portfolio assets including mortgage backed securities, asset backed securities, corporate and agency securities. The valuation models are based on daily LIBOR rates and swap curves, as well as credit spreads and prepayment rates provided by external pricing service agents. The fair values recognized in the financial statements are therefore determined in whole using valuation techniques based on assumptions supported by prices from observable current market transaction in the same instrument or available observable market data. The pooled cash and investments portfolio holds numerous securities each with different credit spreads and prepayment rates based on the characteristics of each security. The Trust Fund groups its share in the shared pool of investments as one class of financial assets. All other assets and liabilities are carried at cost.

Hierarchy disclosures- The Trust Fund's financial instruments are categorized based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to observable market-based inputs or inputs that are corroborated by market data (Level 2) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3). When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement of the instrument in its entirety. Thus, a Level 3 fair value measurement of the instrument may include inputs that are observable (Level 2) and unobservable (Level 3).

Financial instruments representing the entire Pool of investments for all trust funds administered by the World Bank Group are recorded at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1: Financial instruments whose values are based on unadjusted quoted prices for identical instruments in active markets.

Level 2: Financial instruments whose values are based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the instrument.

Level 3: Financial instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

4. Financial Instruments (continued)

The following table shows financial instruments recognized at fair value, categorized between levels 1, 2 and 3:

Fair Value Disclosure by Fair Value Hierarchy as at 31 December 2010

In billions of U.S. dollars

	Fair Value Hierarchy Level			
	Level 1	*Level 2*	*Level 3*	*Total*
Investment securities				
Government and agency obligations	4,271	7,706	-	11,977
Money Market securities	525	9,245	-	9,770
Asset-backed securities	-	3,710	8	3,718
Total Investment securities	4,796	20,661	8	25,465
Securities purchased under resale agreements and securities sold under repurchase agreements	(115)	(52)		(167)
Derivatives, net	-	(128)	-	(128)
Total of financial instruments in the Pool at fair value	**4,681**	**20,481**	**8**	**25,170**

Fair Value Disclosure by Fair Value Hierarchy as at 31 December 2009

In billions of U.S. dollars

	Fair Value Hierarchy Level			
	Level 1	*Level 2*	*Level 3*	*Total*
Investment securities				
Government and agency obligations	4,586	6,040	-	10,626
Money Market securities	591	6,941	-	7,532
Asset-backed securities	-	3,729	86	3,815
Total Investment securities	5,177	16,710	86	21,973
Securities purchased under resale agreements and securities sold under repurchase agreements	(212)			(212)
Derivatives, net	-	63	-	63
Total of financial instruments in the Pool at fair value	**4,965**	**16,773**	**86**	**21,824**

During the fiscal years ended 31 December 2010 and 31 December 2009, neither transfers between levels nor securities in level 3 were significant. Therefore no additional disclosures on them are included.

In the Pool, the carrying values of securities pledged under repurchase agreements with other counterparties as of 31 December 2010 was $317 million (2009: $212 million). There are no significant terms and conditions associated with the use of collateral. Under resale agreement, the Trustee

4. Financial Instruments (continued)

received securities as collateral with a fair value of $150 million as of 31 December 2010 (2009: Nil) that it is permitted to sell or re-pledge in the absence of default. In addition, at 31 December 2010 and 31 December 2009, no securities received by the Trustee as collateral were sold or re-pledged.

The Trust Fund's share of the cash and investments in the Pool, which was allocated based on the specific investment horizons, risk tolerances and other eligibility requirements pursuant to the agreements, has a fair value of US$ 5.3 billion as at 31 December 2010 (2009: US$ 5.7 billion).

The Trust Fund Share of the Cash and Investments in the Pool by funding source is as follows:

Funding Source	For the year ended 31 December 2010	For the year ended 31 December 2009
Core Fund contributions	5,080,467	5,633,767
Affordable Medicine Facility for Malaria (AMFm)	210,639	73,985
Total share in pooled cash and investments	5,291,106	5,707,752

Liquidity risk – The risk that an entity will encounter difficulty in raising liquid funds to meet its commitments. All the financial liabilities are payable on demand. As a policy, the Global Fund makes commitments for administrative budgets, trustee fees and grants only if there are sufficient underlying assets. The Trustee maintains a significant portion of the Pool in short-term money market deposits to meet disbursement requirements.

Maturity profile of undiscounted financial liability at 31.12.2010

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
Year ended 31 December 2010					
Undisbursed grants	1'854'499	631'013	808'755	1'133'430	4'427'697
Accrued expenses	62'495				62'495
Accounts payable	9'865				9'865
	1'926'859	**631'013**	**808'755**	**1'133'430**	**4'500'057**

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
Year ended 31 December 2009					
Undisbursed grants	1'255'112	850'375	896'425	1'304'548	4'306'460
Accrued expenses	53'542				53'542
Accounts payable	14'686				14'686

1'323'340	850'375	896'425	1'304'548	4'374'688

5. Financial Instruments- Provident Fund Investments

Effective October 2010, the Provident Fund assets were invested for the purposes of the investment policy of the Global Fund Provident Fund (GFPF) in accordance with the priciples and responsibilities established in the Constitutional Declaration and Benefits Rules and under article 6 of the Mangement Board Charter. Accordingly all funds held in trust including the investment income earned thereon were transferred into strategic asset portfolios with the investment managers. The Provident Fund investments are designated upon initial recognition as financial assets at fair value through profit and loss.

Fair value pricing is the process of determining a value for those securities for which market prices are not readily available. Fair value may also be required when the price provided by a pricing source does not, in the view of Wellington Management, represent fair value. Generally, prices are considered readily available if the exchange or market where the security trades is open and actively trading. For certain instruments, chiefly fixed income securities, exchange trading does not apply, and alternative determinants of market price such as broker quotations are used. For marketable securities, Wellington Management will rely on industry standard pricing vendors who use a variety of techniques to establish market prices (e.g., matrix/basket pricing, interest rate models, and broker quotes). Private placements or securities issued with trade restrictions typically require evaluation under a fair value process.

As detailed above, the Provident Fund assets are primarily managed by two institutional fund managers in their diversified, global equity and bond funds.

The following table is based on information provided by the managers concerning their respective funds and how the assets are categorised according to the above descriptions.

Split of Assets – Levels 1 - 3

Manager / Level	**Sarasin**		**Wellington**		**Total**	
	USD m	%	USD m	%	USD m	%
Level 1	8.0	100.0%	0.0	0.1%	8.0	20.4%
Level 2	0.0	0.0%	31.5	99.9%	31.5	79.6%
Level 3	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	**8.0**	**100.0%**	**31.5**	**100.0%**	**39.5**	**100.0%**

Twenty-Second Board Meeting
Sofia, Bulgaria, 13-15 December 2010

GF/B22/9
Board Information

THE OFFICE OF THE INSPECTOR GENERAL PROGRESS REPORT FOR MARCH-OCTOBER 2010 AND 2011 AUDIT PLAN AND BUDGET

PURPOSE:

1. This paper provides an update to the Board further to "The Priorities of the Office of the Inspector General" (GF/FAC10/03). It also proposes an audit plan for 2011, considers the impact of the rapid growth in the OIG's investigatory caseload, recent significant referrals, and the fact that most of the OIG's audits now result in an OIG investigation. In consequence it proposes an increased budget for 2011.

Full report text is available on the Global Fund website at http://www.theglobalfund.org/en/oig/reports/documents/board/22/BM22_09OIG_Report_en.pdf.

Twenty-Third Board Meeting
Geneva, Switzerland, 11-12 May 2011

GF/B23/10
Board Information

[Revision 1]

THE OFFICE OF THE INSPECTOR GENERAL PROGRESS REPORT FOR NOVEMBER 2010-MARCH 2011

PURPOSE:

1. This paper provides an update to the Finance and Audit Committee (FAC) and the Board on the activities of the Office of the Inspector General (OIG).
~~1.~~2. Reference should be made to the Addendum on page 2.

Full text of report is available on the Global Fund website at http://www.theglobalfund.org/documents/oig/OIG_ProgressNovember2010ToMarch2011_Report_en/.

THE OFFICE OF THE INSPECTOR GENERAL

The Global Fund to Fight AIDS, Tuberculosis and Malaria

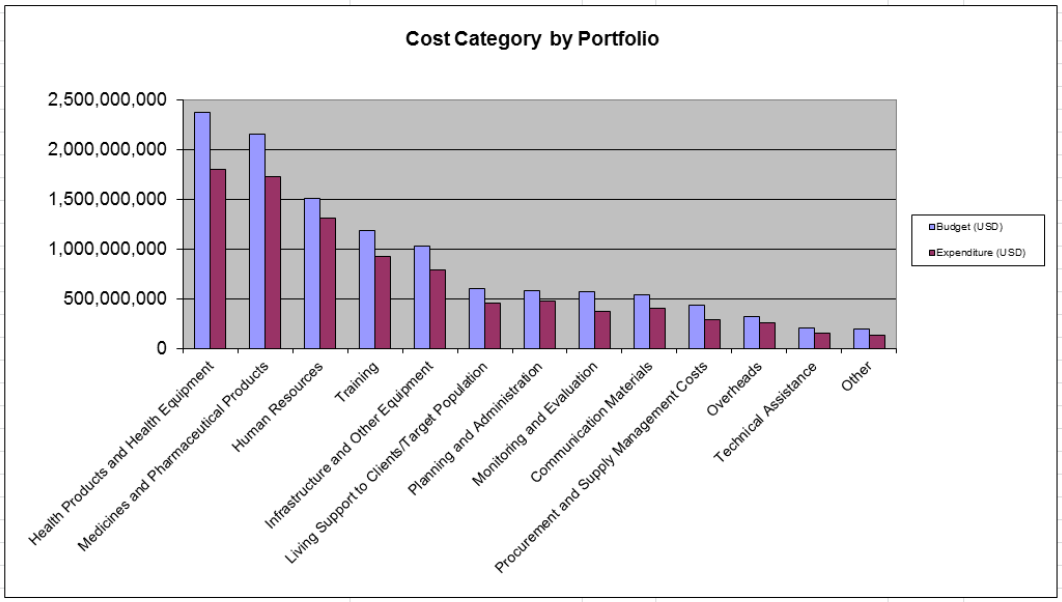
Report on Lessons Learned from the Office of the Inspector General's Country Audits

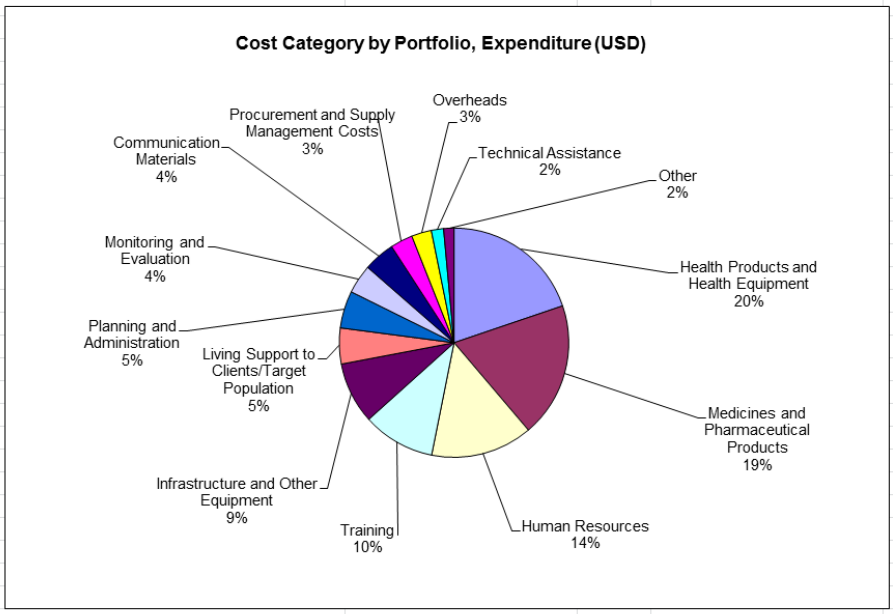
Audit Report No: GF-OIG-11-001
Issue Date: 15 March 2011

Full report is available on the Global Fund website at http://www.theglobalfund.org/documents/oig/OIG_LessonsLearnedMarch2011_Report_en/.

Annex 1 - Portfolio by Cost Category

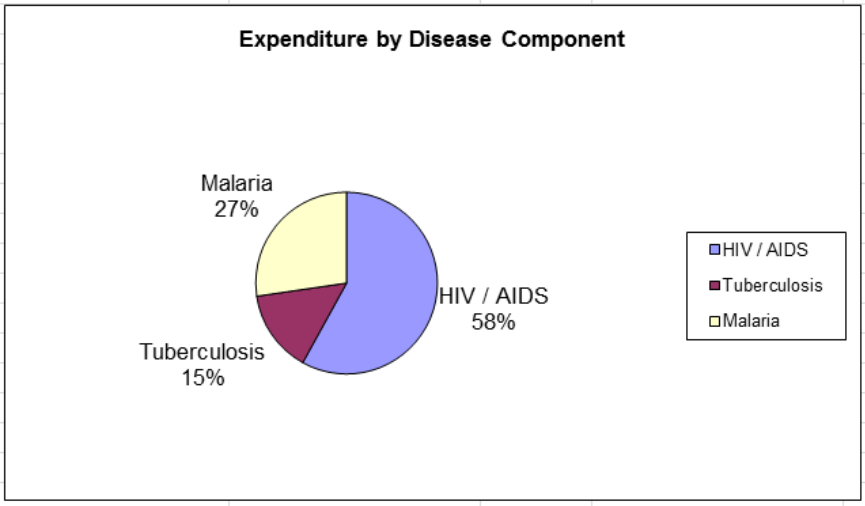
Cost Category	Cumulative Budget (USD)	%	Cumulative Expenditure (USD)	%	Expenditure as a % of Budget
Health Products and Health Equipment	2,379,868,944	20.3%	1,801,909,401	19.8%	76%
Medicines and Pharmaceutical Products	2,154,450,542	18.4%	1,729,668,104	19.0%	80%
Human Resources	1,507,216,545	12.9%	1,307,419,300	14.4%	87%
Training	1,187,067,103	10.1%	929,820,339	10.2%	78%
Infrastructure and Other Equipment	1,029,245,658	8.8%	789,198,663	8.7%	77%
Living Support to Clients/Target Population	604,351,009	5.2%	460,404,816	5.1%	76%
Planning and Administration	577,133,562	4.9%	477,994,100	5.2%	83%
Monitoring and Evaluation	575,817,388	4.9%	373,310,959	4.1%	65%
Communication Materials	539,021,821	4.6%	403,077,919	4.4%	75%
Procurement and Supply Management Costs	439,899,593	3.8%	287,474,068	3.2%	65%
Overheads	318,427,884	2.7%	256,485,416	2.8%	81%
Technical Assistance	209,895,884	1.8%	156,861,715	1.7%	75%
Other	195,536,411	1.7%	132,788,507	1.5%	68%
Grand Total	**11,717,932,345**	**100.0%**	**9,106,413,307**	**100.0%**	**78%**





Annex 2 - Portfolio by Disease

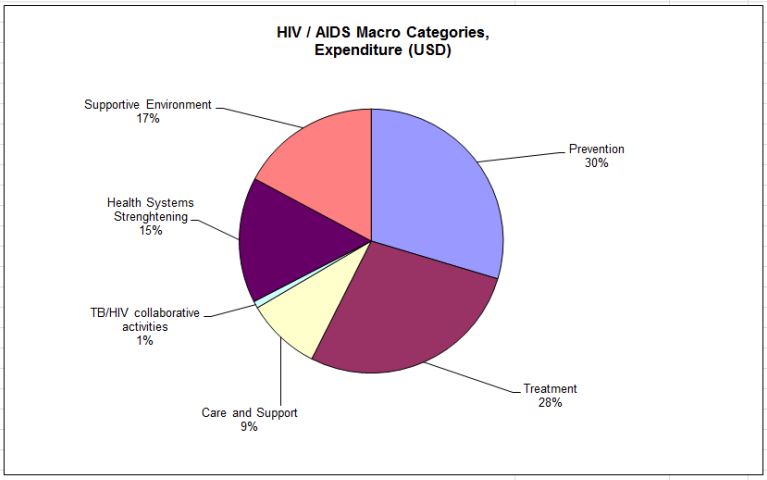
Disease	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
HIV / AIDS	6,631,920,384	56.6%	5,284,027,784	58.0%	80%
Tuberculosis	1,701,117,616	14.5%	1,335,673,913	14.7%	79%
Malaria	3,384,894,344	28.9%	2,486,711,610	27.3%	73%
Grand Total	**11,717,932,345**	**100.0%**	**9,106,413,307**	**100.0%**	78%



Annex 2.1 - HIV / AIDS Portfolio by Service Delivery Area

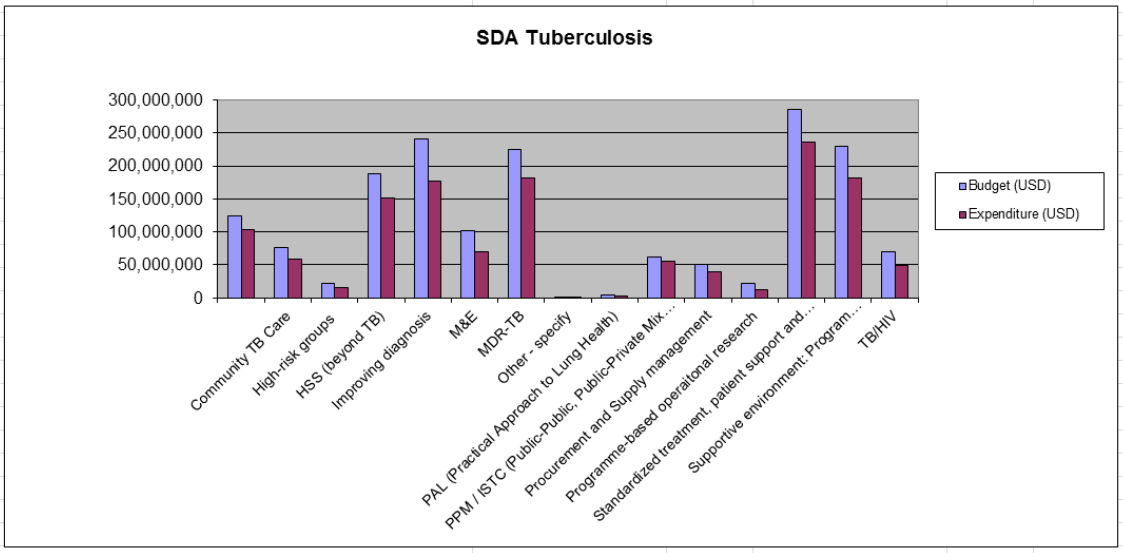
SDA HIV / AIDS	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
Care and support: Care and support for the chronically ill	322,843,423	4.9%	282,870,156	5.4%	88%
Care and Support: Support for Orphans and Vulnerable Children	273,120,585	4.1%	199,360,222	3.8%	73%
HSS: Community Systems Strengthening	81,130,832	1.2%	65,639,540	1.2%	81%
HSS: Human Resources	302,986,614	4.6%	236,652,324	4.5%	78%
HSS: Information system & Operational research	141,506,678	2.1%	99,626,472	1.9%	70%
HSS: Infrastructure	190,181,235	2.9%	132,762,924	2.5%	70%
HSS: other - M&E	39,975,160	0.6%	31,015,267	0.6%	78%
HSS: other - specify	26,668,658	0.4%	20,380,938	0.4%	76%
HSS: Procurement and Supply management	127,594,213	1.9%	94,928,627	1.8%	74%
HSS: Service delivery	171,912,341	2.6%	132,481,103	2.5%	77%
Prevention: BCC - Community Outreach	778,904,366	11.7%	628,235,279	11.9%	81%
Prevention: BCC - Mass media	126,978,678	1.9%	105,561,028	2.0%	83%
Prevention: Blood safety and universal precaution	103,348,976	1.6%	81,292,857	1.5%	79%
Prevention: Condom distribution	180,611,386	2.7%	143,658,794	2.7%	80%
Prevention: PMTCT	242,988,115	3.7%	182,508,733	3.5%	75%
Prevention: Post-exposure prophylaxis (PEP)	2,855,623	0.0%	2,276,767	0.0%	80%
Prevention: STI diagnosis and treatment	147,244,409	2.2%	119,228,716	2.3%	81%
Prevention: Testing and Counseling	381,647,946	5.8%	302,467,138	5.7%	79%
Supportive environment: Policy development including workplace policy	91,880,621	1.4%	77,225,364	1.5%	84%
Supportive environment: Program management and administration	703,971,997	10.6%	600,339,072	11.4%	85%
Supportive environment: Stigma reduction in all settings	66,049,658	1.0%	58,984,803	1.1%	89%
Supportive Environment: Strengthening of civil society and institutional capacity building	213,007,179	3.2%	171,454,851	3.2%	80%
TB/HIV collaborative activities: TB/HIV	56,288,708	0.8%	45,136,101	0.9%	80%
Treatment: Antiretroviral treatment (ARV) and monitoring	1,669,321,015	25.2%	1,318,196,119	24.9%	79%
Treatment: Prophylaxis and treatment for opportunistic infections	188,901,968	2.8%	151,744,589	2.9%	80%
Grand Total	**6,631,920,384**	**100.0%**	**5,284,027,784**	**100.0%**	**80%**

HIV / AIDS Macro Categories	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
Prevention	1,964,579,500	29.6%	1,565,229,312	29.6%	80%
Treatment	1,858,222,983	28.0%	1,469,940,708	27.8%	79%
Care and Support	595,964,008	9.0%	482,230,378	9.1%	81%
TB/HIV collaborative activities	56,288,708	0.8%	45,136,101	0.9%	80%
Health Systems Strenghtening	1,081,955,730	16.3%	813,487,195	15.4%	75%
Supportive Environment	1,074,909,455	16.2%	908,004,089	17.2%	84%
Grand Total	**6,631,920,384**	**100.0%**	**5,284,027,784**	**100.0%**	**80%**



Annex 2.2 - TB Portfolio by Service Delivery Area

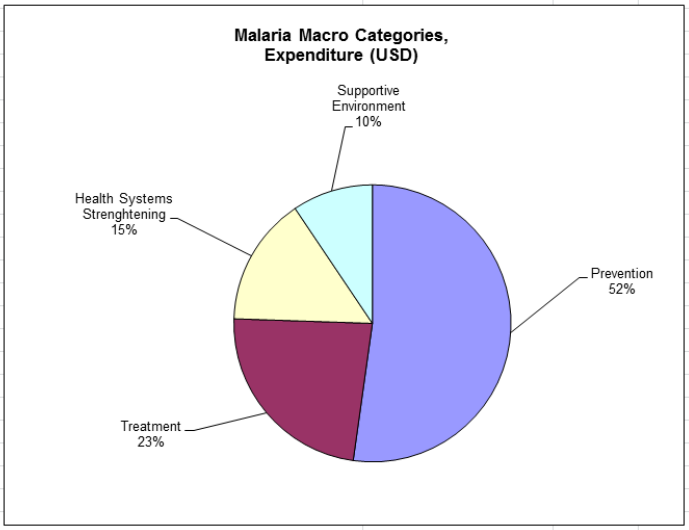
SDA TB	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
ACSM (Advocacy, communication and social mobilization)	124,855,892	7.3%	103,410,670	7.7%	83%
Community TB Care	75,836,570	4.5%	58,262,614	4.4%	77%
High-risk groups	21,456,744	1.3%	15,816,690	1.2%	74%
HSS (beyond TB)	188,318,258	11.1%	151,844,543	11.4%	81%
Improving diagnosis	241,131,822	14.2%	176,108,595	13.2%	73%
M&E	102,187,135	6.0%	69,795,371	5.2%	68%
MDR-TB	224,033,757	13.2%	182,269,740	13.6%	81%
Other - specify	419,003	0.0%	322,704	0.0%	77%
PAL (Practical Approach to Lung Health)	4,019,104	0.2%	2,694,584	0.2%	67%
PPM / ISTC (Public-Public, Public-Private Mix (PPM) approaches and International standards for TB care)	61,179,934	3.6%	55,636,167	4.2%	91%
Procurement and Supply management	51,308,769	3.0%	39,317,843	2.9%	77%
Programme-based operaitonal research	22,508,003	1.3%	12,305,540	0.9%	55%
Standardized treatment, patient support and patient charter	284,912,423	16.7%	236,605,645	17.7%	83%
Supportive environment: Program management and administration	229,337,309	13.5%	181,876,276	13.6%	79%
TB/HIV	69,612,892	4.1%	49,406,930	3.7%	71%
Grand Total	**1,701,117,616**	**100.0%**	**1,335,673,913**	**100.0%**	**79%**



Annex 2.3 - MALARIA Portfolio by Service Delivery Area

SDA Malaria	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
HSS: Community Systems Strengthening	54,824,926	1.6%	43,859,833	1.8%	80%
HSS: Human resources	127,912,144	3.8%	102,211,587	4.1%	80%
HSS: Information system & Operational research	89,582,219	2.6%	59,750,652	2.4%	67%
HSS: Infrastructure	56,589,441	1.7%	38,537,605	1.5%	68%
HSS: other - M&E	19,846,407	0.6%	10,832,876	0.4%	55%
HSS: other - specify	20,162,062	0.6%	14,006,333	0.6%	69%
HSS: Procurement and Supply management	91,412,557	2.7%	76,604,840	3.1%	84%
HSS: Service delivery	33,361,003	1.0%	28,316,878	1.1%	85%
Prevention: BCC - Community Outreach	97,720,068	2.9%	65,488,187	2.6%	67%
Prevention: BCC - Mass media	58,947,660	1.7%	34,044,960	1.4%	58%
Prevention: Insecticide-treated nets (ITNs)	1,451,384,430	42.9%	1,062,403,825	42.7%	73%
Prevention: Malaria prevention during pregnancy	77,109,909	2.3%	65,788,347	2.6%	85%
Prevention: other - specify	1,712,253	0.1%	1,099,011	0.0%	64%
Prevention: Vector control (other than ITNs)	102,185,144	3.0%	69,755,350	2.8%	68%
Supportive environment: Coordination and partnership developmen	58,383,128	1.7%	41,355,891	1.7%	71%
Supportive environment: Monitoring drug resistance	18,712,321	0.6%	13,235,707	0.5%	71%
Supportive environment: Monitoring insecticide resistance	2,893,529	0.1%	2,229,533	0.1%	77%
Supportive environment: other - specify	3,145,959	0.1%	2,908,997	0.1%	92%
Supportive environment: Program management and administration	207,253,786	6.1%	174,711,791	7.0%	84%
Treatment: Diagnosis	132,675,358	3.9%	82,902,401	3.3%	62%
Treatment: Home based management of malaria	43,569,238	1.3%	29,331,077	1.2%	67%
Treatment: other - specify	5,595,265	0.2%	3,849,863	0.2%	69%
Treatment: Prompt, effective anti-malarial treatment	629,915,535	18.6%	463,486,065	18.6%	74%
Grand Total	**3,384,894,344**	**100.0%**	**2,486,711,610**	**100.0%**	**73%**

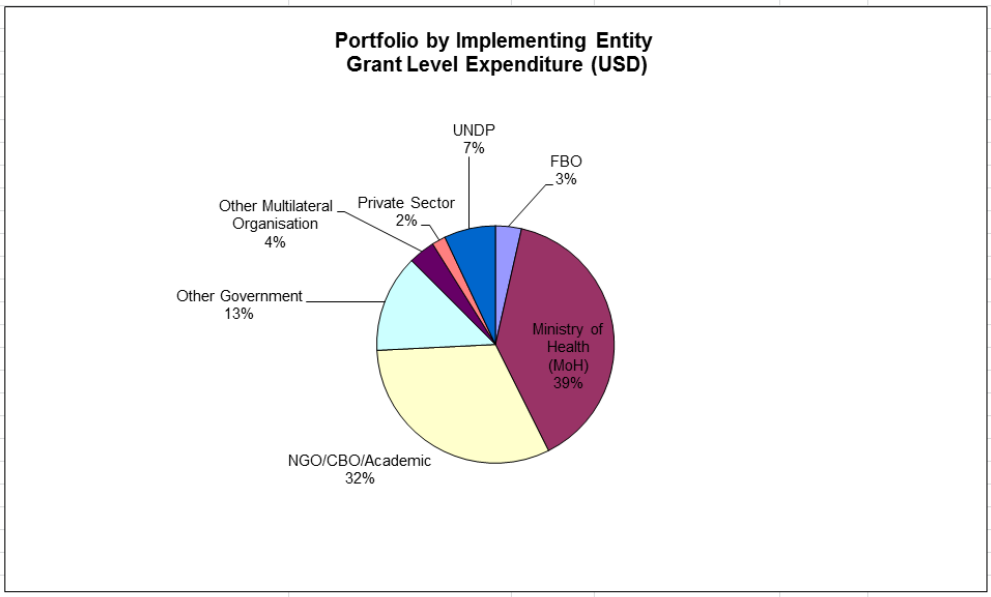
Malaria Macro Categories	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
Prevention	1,789,059,464	52.9%	1,298,579,680	52.2%	73%
Treatment	811,755,397	24.0%	579,569,407	23.3%	71%
Health Systems Strenghtening	493,690,759	14.6%	374,120,604	15.0%	76%
Supportive Environment	290,388,724	8.6%	234,441,920	9.4%	81%
Grand Total	**3,384,894,344**	**100.0%**	**2,486,711,610**	**100.0%**	**73%**



Annex 3 - Portfolio by Implementing Entity

Implementing Entity	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
FBO	459,577,090	3.9%	321,548,258	3.5%	70%
Ministry of Health (MoH)	4,729,259,768	40.4%	3,559,219,097	39.1%	75%
NGO/CBO/Academic	3,493,405,779	29.8%	2,877,552,271	31.6%	82%
Other Government	1,653,088,631	14.1%	1,210,945,789	13.3%	73%
Other Multilateral Organisation	395,617,977	3.4%	327,804,709	3.6%	83%
Private Sector	219,718,312	1.9%	170,860,321	1.9%	78%
UNDP	767,264,788	6.5%	638,482,862	7.0%	83%
Grand Total	**11,717,932,345**	**100.0%**	**9,106,413,307**	**100.0%**	**78%**

Implementing Entity	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
PR Level	5,510,401,630	47.0%	4,257,971,585	46.8%	77%
SR Level	6,207,530,715	53.0%	4,848,441,722	53.2%	78%
Grand Total	**11,717,932,345**	**100.0%**	**9,106,413,307**	**100.0%**	78%

PR Level	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
FBO	201,191,704	3.7%	149,694,265	3.5%	74%
Ministry of Health (MoH)	2,468,348,363	44.8%	1,812,138,466	42.6%	73%
NGO/CBO/Academic	1,304,534,922	23.7%	1,080,167,196	25.4%	83%
Other Government	641,335,102	11.6%	484,316,601	11.4%	76%
Other Multilateral Organisation	73,079,301	1.3%	63,596,416	1.5%	87%
Private Sector	73,525,796	1.3%	45,178,838	1.1%	61%
UNDP	748,386,442	13.6%	622,879,803	14.6%	83%
Grand Total	**5,510,401,630**	**100.0%**	**4,257,971,585**	**100.0%**	**77%**

SR Level	Budget (USD)	%	Expenditure (USD)	%	Expenditure as a % of Budget
FBO	258,385,386	4.2%	171,853,992	3.5%	67%
Ministry of Health (MoH)	2,260,911,405	36.4%	1,747,080,631	36.0%	77%
NGO/CBO/Academic	2,188,870,857	35.3%	1,797,385,075	37.1%	82%
Other Government	1,011,753,529	16.3%	726,629,188	15.0%	72%
Other Multilateral Organisation	322,538,676	5.2%	264,208,293	5.4%	82%
Private Sector	146,192,517	2.4%	125,681,483	2.6%	86%
UNDP	18,878,346	0.3%	15,603,059	0.3%	83%
Grand Total	**6,207,530,715**	**100.0%**	**4,848,441,722**	**100.0%**	**78%**