

THE GLOBAL FUND ANNUAL REPORT 2011



TABLE OF CONTENTS

ANNUAL REPORT 2011

4	LETTER FROM THE CHAIR AND VICE-CHAIR OF THE BOARD
7	FOREWORD
9	YEAR IN REVIEW
15	LIST OF TECHNICAL REVIEW PANEL AND BOARD MEMBERS
19	LIST OF PLEDGES AND CONTRIBUTIONS
27	FINANCIAL STATEMENTS

LETTER FROM THE **CHAIR AND VICE-CHAIR OF THE BOARD**

2011 was a pivotal year for the Global Fund, characterized by both highs and lows, and the Global Fund coming to terms with the changes it needed to make in order to continue to further scale up the delivery of lifesaving prevention, treatment, care and support services across the world.

Almost 10 years after its formation, 2011 represents another year of strong results - with Global Fund financing enabling countries around the world to stem the tide of their epidemics, and achieve real gains in the fight against the three diseases.

2011 was also the year that the Global Fund adopted an ambitious new strategy aimed at building on these achievements and ensuring that we continue to evolve over the next decade. The strategy, the result of extensive consultations with stakeholders from all over the world across the full year, outlines five strategic priorities for the Global Fund:

- Investing more strategically - investing only in the highest-impact interventions in the highest-impact countries and populations
- Evolving the funding model - utilizing a more flexible, iterative funding model
- Actively supporting grant implementation success - actively managing grants based on impact, value for money and risk
- Promoting and protecting human rights - integrating human rights considerations throughout the grant life cycle
- Mobilizing resources - attracting additional funding from current and new sources, and being innovative in the opportunities that we provide for this to occur

Since its adoption during the Global Fund's Twenty-fifth Board meeting, this strategy has been broadly embraced by stakeholders and implementation will begin in earnest in 2012. Through implementation of the strategy, our process for approving grants will become a more collaborative

one where the Global Fund and the country work in true partnership to ensure that key interventions most relevant to a country's specific context are funded and managed more effectively.

The adoption of the strategy and the Global Fund's commitment to investing Global Fund resources more strategically was especially important because, for the first time in 2011, the Board had to cancel a new funding round. Based on the forecasts of assets available, and the considerable uncertainty this placed on countries who would prepare proposals without any confidence of funding, we resolved that it was unethical to go forward with Round 11 as planned. As a Board, we agreed it was more appropriate to ensure continuity of essential services to the countries we had already started to fund, and we did that through the Transitional Funding Mechanism that was launched on 15 December 2011.

The Board also sees this as an opportunity to begin doing business in a new way. It will work more closely and proactively with partners and countries to harness the full range of opportunities to deliver on the new strategy. This includes ensuring that grant renewal decisions embrace the strategy as early as possible, and that there is proactive reprogramming in relevant grants to have the most impact.

This year also presented us with other challenges. Media reports cited issues with Global Fund financial controls and reported that millions of Global Fund dollars had been misappropriated by implementers in a number of countries. This information had been published previously by the Global Fund in line with our commitment to full transparency, and was discovered by the Global

The strategy, the result of extensive consultations with stakeholders from all over the world across the full year, outlines five strategic priorities for the Global Fund.



Fund's own Office of the Inspector General. Nevertheless, the global reaction to the article forced us to pause and review the systems that we have in place and to think carefully about how we might need to adjust them.

We also undertook that review transparently. A High-level Panel of independent persons was commissioned by the Board to review the financial controls of the Global Fund from the implementing level on the ground up to the Secretariat in Geneva. This panel's recommendations were publicly shared in their entirety. Coupled with ongoing internal reforms identified as essential for a maturing organization, the panel's recommendations provided a platform for a broad transformation of the Global Fund, with renewed focus on effective management across all of the Global Fund's essential activities.

Prior to the release of the panel's recommendations, the Board had resolved that it too needed to undergo reform. In May 2011, we commissioned a review and strategic analysis of our fundamental governance structures. Following a widely consultative process with all of the Global Fund's stakeholders, in November 2011 the Board adopted revised by-laws, operating procedures, and endorsed a new committee structure with a clear decision-making framework. Through utilization of this framework we can ensure that the Board is able to focus at a higher, more strategic level to better guide the institution as it goes through this transformation.

As the 2011 year closed, the Board was also reflecting on how it could best position the Global Fund for the important year of transformation ahead. Consideration was given to the

important management challenges ahead – including how we rebuild the confidence of implementers and donors in the Global Fund as the multilateral partner of choice in regard to essential funding support for the three diseases. The Board's decision on this key question will be taken early in 2012.

We are confident that this holistic transformation of the Global Fund, its governance structures and the Secretariat will enable us to continue to achieve the exceptional results that the Global Fund has shown during the last decade. Going forward, we must continue to evolve but always maintain our commitment to results, transparency, and accountability to Global Fund stakeholders worldwide.

MR. SIMON BLAND

Chair of the Board

MINISTER MPHU RAMATLAPENG

Vice-Chair of the Board

FOREWORD

This process of self-examination and partnership has culminated in a Consolidated Transformation Plan which will be the focus of 2012.

The Global Fund has always prided itself on being a flexible, learning organization – on evolving to fit the needs and requirements of all of its stakeholders. A particularly difficult context – an increasingly fragile global economy, changes in leadership, and a need to reassess a highly complex grant management system – meant that in 2011 efforts focused largely on evaluating the lessons learned in order to move forward.



As the High-Level Panel summed it up in their report released in September, the Global Fund must reform itself in order to remain relevant. 2011 was about learning; 2012 is about transformation.

In keeping with its core belief in the importance of partnership, the Global Fund worked with its partners across all constituencies and around the world in reviewing its business model, strategy and principles. From an audit carried out by the European Community to the voices of some 450 participants in the Partnership Forum held in June to the thorough examination of the Global Fund's fiduciary structure carried out by the High-Level Panel, the voices of donors, recipients, partners and other interested parties were taken under consideration. This process of self-examination and partnership has culminated in a Consolidated Transformation Plan which is the focus of 2012. It aims to put the Global Fund on an entirely new footing, from a streamlined Secretariat to a simplified grant-making process which will lessen the burden on recipients to important changes in governance.

This plan also takes into account a new strategy for the coming five years. The Global Fund Strategy 2012-2016 sets ambitious goals to increase the organization's impact in the fight against the three diseases, and will require the full support and participation of all stakeholders, from Board leadership to Secretariat to donors and implementers as well.

Notwithstanding the work of evaluation, the Global Fund continued to pursue its mission of supporting countries around the world in their fight against the pandemics. Disbursements in 2011 reached US\$ 2.64 billion. Grants approved in Rounds 8 and 9 – the largest rounds in the Global Fund's history – started showing impact, as implementation efforts reached full scale.

As of end 2011, 3.3 million people were on lifesaving antiretroviral (ARV) treatment for HIV, 8.6 million people had been treated for TB and over 230 million insecticide-treated nets had been distributed to prevent malaria.

Various initiatives launched in the past two years also showed significant results, such as the move to consolidate multiple grants for the same disease into single streams of funding; the Affordable Medicines Facility – malaria program, which is providing the latest generation of medicines in eight countries; and the increase in programs supporting gender equity and community systems strengthening.

Intensive resource mobilization efforts resulted in total contributions of US\$ 3 billion at the end of the year 2011. Throughout the year it proved to be harder to ensure timely contributions, as a number of donors made their contributions conditional to the outcome of the High-level Panel's report or additional evaluations. But all donors who delayed their payments acknowledged the progress that had been made, enabling them to pay before the end of the year.

At the Board Meeting in Accra in November the Secretariat presented a new risk-adjusted resource forecast projecting income from all funding sources until the end of 2013. Because of the uncertainty around available future resources, the Board decided to cancel Round 11 and to replace it with a new Transitional Funding Mechanism that will ensure that all programs currently being supported through Global Fund grants will continue to provide essential services through the coming period until new funding becomes available.

The Global Fund is acutely aware of the impact that the cancellation of Round 11 will have for all countries who were depending on this new funding round. The Secretariat

is working with all donors and partners to make sure that additional uncommitted resources will be made available so that options for funding new proposals can be offered before the year 2014.

The Global Fund continues to leverage the impact of its investments by working with countries to ensure that grants are structured to obtain value for money, and make effective investments. The grant portfolio as a whole continues to perform strongly, with nearly 80 percent of grants rated B1 or higher at the time of last disbursement, and the number of grants receiving conditional approval upon renewal has significantly decreased compared to 2010.

In the area of procurement, the voluntary pooled procurement initiative is also showing progress. Over US\$ 650 million in health products have been procured for 45 countries through this program. In addition, consultations with partners have been held regarding market shaping strategy and issues around the theft of medicines, while the Price and Quality Reporting database is proving to be a very valuable tool in evaluating and negotiating purchases of commodities.

Global Fund investments continue to have an increasing impact on epidemiological trends and health systems in the countries which it supports. As the Global Fund takes important steps to revitalize itself and build on lessons learned, it is important to recognize the efforts made by all stakeholders in supporting the fight against the diseases.

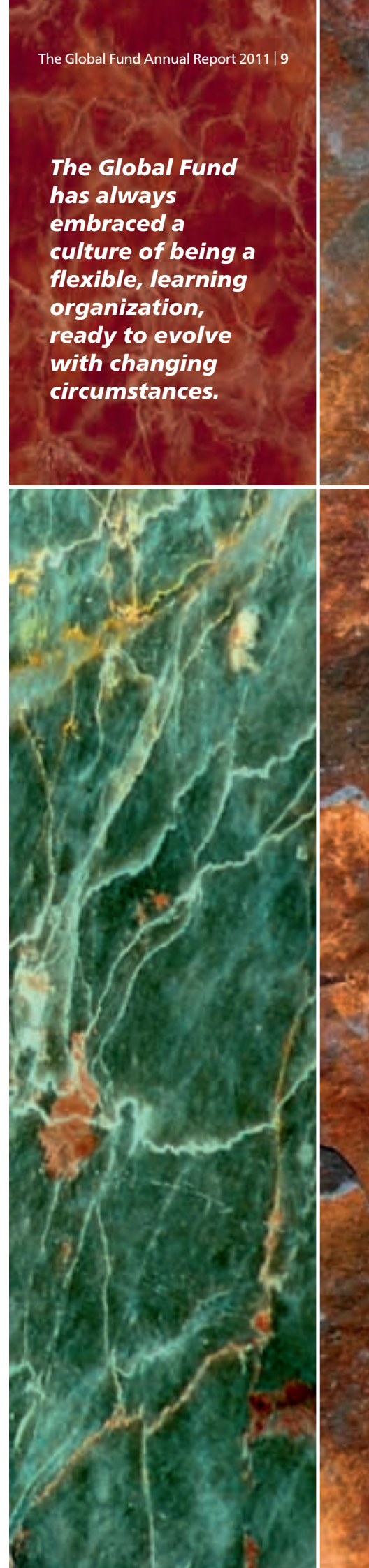
Looking forward to the transformation that will be implemented in 2012, the Board has decided to appoint a General Manager, who will be tasked with leading the change process and with helping to improve financial oversight and risk management.

2011 YEAR IN REVIEW

***The Global Fund
has always
embraced a
culture of being a
flexible, learning
organization,
ready to evolve
with changing
circumstances.***

Building on the work begun the previous year, 2011 was a year of thorough self-examination and review of the core principles, model, and goals of the Global Fund.

The deepening financial crisis, particularly in Europe, placed new pressure on many nations to restrict original plans and commitments on significant development funding available. In this environment, a need for stricter financial supervision and tighter risk controls became increasingly important.



AN EVOLVING ORGANIZATION

The Global Fund has always embraced a culture of being a flexible, learning organization, ready to evolve with changing circumstances.

The Executive Director began the year with a review of the organizational structure known as the “Q1 Review”, which suggested a number of revisions, including the need to focus more staff on grant management functions. In January 2011, news coverage of audit reports by the Global Fund’s Office of the Inspector General about implementation problems in a handful of countries drew attention to concerns among many nations about whether the Global Fund had in place the right financial supervisory controls.

In response to donor concerns, the Board convened a High-level Panel, which was tasked with reviewing the fiduciary controls and oversight mechanisms of the Global Fund. This High-level Panel conducted extensive visits to recipient countries to gain a deep understanding of Global Fund operations from top to bottom. The panel produced a report in September 2011 which outlined a number of areas demanding enhanced financial controls and which also included a number of recommendations for change.

At the same time, the Board began the process of planning for the future direction of the Global Fund by launching a year-long strategy development process. This work stream, which involved consultations with a wide variety of stakeholders in both donor and recipient countries, culminated in the development of the Global Fund strategy for the period 2012-2016.

The Global Fund Secretariat, taking into account the Q1 Review, the Comprehensive Reform Working Group, the High-level Panel and the strategy development process, as well as concerns expressed by the Inspector General, brought together all the recommendations in a Consolidated Transformation Plan. This plan addresses a number of important challenges to the Global Fund’s mission of investing the world’s money to save lives and will be the basis for the Secretariat’s work in 2012.

RESOURCE MOBILIZATION AND ADVOCACY

Following the replenishment of 2010, resource mobilization in 2011 was centered on ensuring donor confidence was re-established to ensure earlier pledges were converted into actual contributions during the course of the year. The external environment - characterized by sovereign debt crises in most if not all of the major donor economies - put severe pressure on official development assistance budgets. In addition, the findings of the Inspector General published in late 2010 and the ensuing media attention increased the need for reassurance notably as concerned financial controls and oversight at the Global Fund. As a result, donors required firm evidence of organizational effectiveness and value for money in order to be able to disburse their contributions.

The Board supported the Secretariat’s proposal to establish an independent high-level review of the Global Fund’s fiduciary controls and oversight mechanisms. The High-Level Panel was launched in the spring of 2011 and in the course of six months examined not only the financial controls but also the entire

business model and organization of the Global Fund. The panel’s report - Turning the Page from Emergency to Sustainability - was broadly endorsed by the Board at a special meeting in September 2011 (the report is available on the Global Fund website).

The work around this review was at the center of donor outreach activities throughout 2011. Many donors felt obligated to wait for the report and the Board’s resulting decisions before being able to release their 2011 contributions to the Global Fund. Many also announced that contributions for the following years would be conditioned on further reform.

At the time of the November Board Meeting the Secretariat was thus not in a position to present with the requisite degree of certainty a forecast of available assets that would be sufficient to cover the expected submissions under a new round of funding. This contrasted with the projections made earlier in 2011. Faced with this uncertainty, the Board felt it would not be prudent to launch a full Round 11, opting instead for a Transitional Funding Mechanism to ensure essential programs were maintained until a new funding opportunity could be launched.

Following the deliberations around the report of the High-Level Panel at the November Board Meeting and the Secretariat’s proposed transformation in response to the many recommendations, many donors were encouraged and confident enough to resume transfers to the Global Fund. While less than 40 percent of expected contributions had been received by the fourth quarter of the year, roughly 80 percent of pledges were ultimately converted to contributions before the end of the year 2011. The majority of the outstanding

amounts is due to certain legal, parliamentary requirements and is ultimately expected to be paid.

In fundraising from non-public sources, 2011 saw the first contributions of roughly US\$ 2 million under two malaria initiatives launched in partnership with U.S. faith-based organizations.

A vehicle for tax-efficient giving was established in the U.S. The new foundation, the U.S. Fund for the Fund is a 501(c)(3) organization, and it received the first installment under Chevron's new three year US\$ 25 million pledge. (RED) has reached cumulative contributions of over US\$ 180 million and work on an innovative long-term promissory note from the Bill & Melinda Gates Foundation was conducted throughout 2011, leading to the announcement of a US\$ 750 million multiyear contribution agreement at a 10th anniversary event in Davos in early 2012.

While donor confidence has to a large extent been recaptured, the Global Fund is aware that it must continue its transformation to an even more efficient organization focused on impeccable grant management. This work will continue throughout 2012 and will continue to underpin resource mobilization efforts from both traditional and new funding sources.

Advocacy efforts also continued throughout the year. The Global Fund had a strong presence at the United Nations General Assembly Special Session (UNGASS) High-level Meeting on AIDS, which was held in New York in June.

The Global Fund also had a very high profile at the biannual International Conference on AIDS and Sexually Transmitted Infections in Africa (ICASA), which

was held in Addis Ababa, Ethiopia, in early December. In addition to hosting a number of presentations and panel discussions, the Global Fund had a large media presence, particularly focusing on the availability of funding for all Round 10 grants as well as providing information on the Transitional Funding Mechanism.

GRANT MANAGEMENT

During 2011, the implementation of the new Country Team Approach, whereby all the functional areas work together on grant management issues, continued. The outcome of the Q1 Review suggested that a higher proportion of Global Fund staff should be allocated to grant management tasks, and a plan was put into place to reallocate headcount to appropriate roles within the Country Programs cluster. The recommendations of the High-level Panel and the Comprehensive Reform Working Group were presented before the plan could be implemented, however, and the decision was taken to postpone this reallocation in favor of changes suggested by the Comprehensive Transformation Plan.

The consolidation of grants into single streams of funding (when multiple grants for the same disease being managed by the same Principal Recipient are consolidated into one grant, with one reporting timeline and one monitoring and evaluation framework) continued throughout the year. In total, 128 grants in 40 countries became 70 single streams of funding in 2011, bringing the cumulative total to 133 single streams of funding in 61 countries and, simplifying considerably the workload on the countries involved as well as the Secretariat.

In 2010, the Secretariat had launched the First Learning Wave of National Strategy Applications, allow countries to submit their national strategy for funding and thus more closely align Global Fund financing with country priorities within an existing national disease strategy. The Second Wave was to be approved at the same time as proposals submitted through rounds-based funding in Round 11; however the lack of available funding necessitated the cancellation of the Second Wave.

Also during 2011 work continued on the Joint Health Systems Funding Platform, wherein proposals would be jointly submitted to the Global Fund, the GAVI Alliance, and the World Health Organization (WHO). However, given constrained resources, the decision was made to suspend this initiative as well.

The suspension of the rounds-based funding channel will, however, provide the Secretariat with an opportunity to develop and implement a new funding model. Efforts will now be focused on working with partners and stakeholders to develop and implement an iterative application process which will enable earlier identification and management of implementation risks as well as reduce the investment of time required by the country when applying for funding.

PARTNERSHIP INITIATIVES

The Affordable Medicines Facility – malaria (AMFm) continued its efforts to make artemisinin-based combination therapies (ACTs) – the international standard for malaria treatment – available at competitive prices in the private sector in eight pilot countries. As of 31 December 2011, the AMFm

had approved co-payment of nearly 200 million ACT treatments. An evaluation of the pilot phase of AMFm is planned for 2012. In June 2011, the Global Fund played host to some 450 participants at its 4th Partnership Forum, held in Sao Paolo, Brazil. The Partnership Forum is one of the pillars of the Global Fund's governance structure, and provides the opportunity to reach out to an even wider audience of stakeholders, including those who are not normally involved in Global Fund processes. The theme of this year's consultation was "Working Together, Shaping Our Future: Access, Accountability, Rights" Participants contributed in a significant fashion to the development of the strategy for 2012-2016.

The partnership with PRODUCT(RED) continued to gain in strength. On World AIDS Day, (RED) welcomed three new partners to the family – The Coca-Cola Company, SAP, and América Móvil with the Carlos Slim Foundation. As of 31 December 2011, the Global Fund has received US\$ 183 million from (RED) partners.

STRATEGY DEVELOPMENT

The development of the Global Fund's strategy for the five-year period 2012-2016 was led by the Board and involved consultations with numerous stakeholders and other observers of the Global Fund, including donors, recipients, implementers, key decision-makers, and other experts. Discussions centered around a number of topics, including the Global Fund's business model, sustainability, partnerships, most-at-risk populations, health systems strengthening and human rights.

The strategy was approved by the Board at its twenty-fifth meeting in November 2011. It commits the Global Fund to working with countries and partners and aims to save ten million lives and prevent between 140 million and 180 million new infections from the three diseases between 2012 and 2016. The strategy lays out five strategic objectives: to invest more strategically, to evolve the funding model, to actively support grant implementation success, to promote and protect human rights, and to mobilize resources.

A copy of the complete strategy is available for download from the Global Fund website.

GOVERNANCE

Board leadership also changed in 2011. The terms of Minister Tedros Adhanom Ghebreyesus, Chair, and Ernest Loevinsohn, Vice-Chair, came to an end at the Twenty-third Board Meeting in May. As per the Global Fund by-laws, the Chair rotated to a representative from a donor constituency, with the role of Vice-Chair being taken by a representative from the recipient bloc. (The Board Chair and Vice-Chair serve in their individual capacity, not as representatives of their constituency.) The Board selected Mr Martin Dinham, former Director General of the Department for International Development (UK), as Chair, and the Honorable Dr Mphu Ramatlapeng, Minister of Health and Social Welfare of the Kingdom of Lesotho, as Vice-Chair.

In August, Mr Dinham stood down from his position as Chair due to illness, and the Board selected Mr Simon Bland to serve as Chair for the unexpired term. Mr Bland had formerly served as Board Member for the UK and Australia constituency of the Global Fund Board, and is a senior

manager in the UK's Department for International Development. The Board also addressed other leadership issues within its structure through a first phase of comprehensive governance reforms. In line with recommendations from the Chair and Vice-Chair-led process, and supplemented by inputs from the High-level Panel, the Board, at the Twenty-fifth Meeting, made a number of strategic changes to its governance structure. The existing committees were restructured into three new standing committees: the Strategy, Investment and Impact Committee; the Finance and Operational Performance Committee; and the Audit and Ethics Committee, the latter of which is comprised of a majority of independent members as one of the major new governance reforms that the Board will continue in 2012.

The Board also established a Coordinating Group to facilitate work which involves competencies or responsibilities shared by two or more committees. The Coordinating Group includes the Chair and Vice-Chair of the three committees in addition to the Chair and Vice-Chair of the Board.

COMMUNICATIONS

For the first quarter of 2011, the Global Fund's communications efforts were focused on responding to reports in the media about the alleged fraud within Global Fund grants. Responses were provided to over 300 media outlets around the world. These were supplemented by over one hundred media interviews throughout the year.

Media relations efforts continued with a number of trips organized for journalist to Global Fund-supported programs in six different countries. In addition,

a training program comprised of both online and in-person modules was implemented for journalists in Swaziland, Bangladesh, Peru and Nigeria.

The Global Fund continued building awareness through timely public exhibits. In Brussels, the large outdoor exhibition of "10 Minutes : 20 Lives" was mounted in a major public thoroughfare outside the European Parliament and was supported by a photographic exhibit inside the parliament itself.

Online, communications efforts also expanded the Global Fund's outreach through social media and other activities. Regular blogs were produced in both French and English. Overall, the Global Fund's social media presence increased over 600 percent.

The Access to Life museum exhibit continued to tour for its fourth year, with a tour of several museums in South Korea.

SECRETARIAT MANAGEMENT

Internal communications also expanded greatly during the year, with the production of a regular newsletter and other tools. Also implemented was a corporate identity campaign, which included the production of an identity guide and training sessions for managers (the training sessions will be expanded to include staff early in 2012).

Secretariat staffing levels remained constant throughout the year. The management leadership training program continued; to date, over 200 unit and team leaders have undergone the training. Mark Eldon-Edington joined the Secretariat as Director of Country Programs.

The Secretariat also took forward the process for the construction of the future Global Fund building. Plans for the building were adapted to meet construction requirements, the area development plan was filed with the local authorities, and the all-important step of holding the public inquiry was conducted, with a successful outcome.

2011 proved to be a challenging year for the Global Fund. A difficult financial context exacerbated by donor hesitation resulted in a funding situation requiring the Board to cancel Round 11. An extremely thorough review of the Global Fund's business model and operations by the High-level Panel and others, which resulted in a number of recommendations for change. The ongoing consultation with stakeholders at all levels, culminating in the Partnership Forum and the creation of the Global Fund's strategy for the period 2012 to 2016. Governance reforms within the Board. And the development of the Comprehensive Transformation Plan which will drive the work of the Secretariat and the Board in 2012.

As the Global Fund is poised to mark the first ten years of its existence, it does so positioned to be even more flexible, more effective, and more impactful than ever.



LIST OF TECHNICAL REVIEW PANEL AND BOARD MEMBERS

LIST OF TECHNICAL REVIEW PANEL MEMBERS

This list represents the membership of the Technical Review Panel as of 31 December 2011.

Leadership

SHAWN BAKER

Chair

United States

Vice President and Regional Director for Africa

Helen Keller International

GEORGE GOTSADZE

Vice-Chair

Georgia

Director, Curatio

International Foundation

Health Care Management

Faculty, Tbilisi State

University

LUCIE BLOK

Vice-Chair

Netherlands

Senior Health Advisor

Royal Tropical Institute

HIV Experts

AZIZBEK BOLTAEV

Uzbekistan

Regional Advisor

International Center for AIDS Treatment and Care

Programs, Kazakhstan

TIM BROWN

United States

Senior Fellow

East-West Center, Hawaii

ANUPONG

CHITWARAKORN

Thailand

Senior Government Health Expert

Ministry of Public Health, Thailand

**NOMATHEMBA
MAZALENI**

South Africa

Country Director

Management Sciences for Health, South Africa

STEPHEN MILLS

United States

Country Director

Family Health International

JABULANI NYENWA

Zimbabwe

Country Manager

GRM International, Zimbabwe

**OLIVEIRA CRISTINA
PIMENTA**

Brazil

Executive Director ABIA

Brazilian Interdisciplinary AIDS Association

SAMSON RADENY

Kenya

Chief of Party HIV/OVC program in Ethiopia

Save the Children USA

Malaria Experts

AHMED AWAD

ABDEL-HAMEED ADEEL

Sudan

Professor of medical parasitology

College of Medicine, King Saud University

PATRICIA GRAVES

United Kingdom/Australia

Epidemiologist, Malaria Control Program

Carter Center

EDITH LYIMO

Tanzania

Consultant

WHO/Roll Back Malaria Partners

AMBROSE TALISUNA

Uganda

Director Case Management Policy and Country Operations

Medicines for Malaria Venture

Due to the cancellation of Round 11 at the Twenty-fifth Board Meeting in November, the Technical Review Panel was not convened for a rounds-based proposal review in 2011.

Tuberculosis Experts**MARIJKE BLEUMINK**

Netherlands
Consultant

CHEN-YUAN CHIANG

China
Director, Department of Lung Health and NCDs
International Union Against Tuberculosis and Lung Disease

CHRISTY HANSON

United States
Tuberculosis Research Advisor
USAID

ICHIRO ITODA

Japan
Director, Head of Clinic
Shirakaba Clinic, Tokyo

ABDUL HAMID SALIM

Bangladesh
Senior Consultant International Unit
KNCV Tuberculosis Foundation

MARINA TADOLINI

Italy
Consultant

Cross-Cutting Experts**ALEXANDER KIRERIA**

Kenya
Managing Consultant/Team Leader
Health and Economics Development Consortium
Private sector consultancy firm

MARTIN ALILIO

Tanzania
Senior Malaria Advisor
USAID

ANNE AUSTEN

United Kingdom
Team Leader
Madhya Pradesh Health Sector Reform Programme, India

BEATRIZ AYALA-OSTROM

United Kingdom/Mexico
Freelance International Procurement and Supply Chain Consultant

KATYA BURNS

United States /Canada
Consultant

JOSE CARDONA

Spain
Senior Adviser, Social Health Insurance, Micro-insurance Innovations Programme for Social Security
Philippine Health Insurance Corporation / BMZ / GIZ

JOS DUSSELJEE

Netherlands
Senior Consultant and Unit Manager
ETC Crystal

REHAN HAFIZ

Pakistan
Senior Specialist, Proposals, Programme Delivery Team
GAVI Alliance

ALISON HEYWOOD

Australia
Director
Heywood Public Health Group

ONDINA LEAL

Brazil
Full Professor
UFRGS, Federal University of Rio Grande do Sul

ELSIE LE FRANC

Jamaica
Adjunct Professorial Research Fellow & Professor Emeritus
Sir Arthur Institute of Social and Economic Studies, University of the West Indies

GRACE MURINDWA

Uganda
Advisor
Uganda AIDS Commission

MARI NAGAI

Japan
Medical Officer in the Health System Strengthening Team, Bureau of International Cooperation
National Center for Global Health and Medicine, Japan

BOLA OYELEDUN

Nigeria
Regional Advisor
MTCTPlus Columbia University/International Center for AIDS Care and Treatment Programs

TORE ROSE

Norway
Consultant

SONYA RABENECK

Ireland/Canada
Consultant/Senior Adviser
Partnership for Maternal, Newborn and Child Health

FEDERICO ROCUTS

Colombia
Technical Senior
Coordinator in Institutional Development to the CNCS
German Technical Assistance
European Commission

MARIE SARDIE

Australia
Consultant

STEPHANIE SIMMONDS

United Kingdom
Consultant
Public Health Management

CLAUDIA SURJADAJA

Indonesia
Research Fellow
KITLV/Royal Netherlands Institute of Southeast Asian and Caribbean Studies

DANIEL TARANTOLA

France
Visiting Professorial fellow, Faculty of Medicine, School of Public Health and Community Medicine
UNSW, Australia

PHOONAM THAPA

Nepal
Senior Civil Society Adviser
Options Consultancy on behalf of the European Commission

LIST OF BOARD MEMBERS

SIMON BLAND

Chair of the Board

Switzerland
*Head of Global Funds
 Department, Department
 for International
 Development*
 United Kingdom
 Mission to the UN

MPHU RAMATLAPENG

Vice-Chair of the Board

Lesotho
*Minister of Health
 and Social Welfare*
 Ministry of Health
 and Social Welfare

Communities (NGOs Representative of the Communities Living with the Diseases)

SHAUN MELLORS

South Africa
*Head: Treatment, Care
 and Support Department
 - Treatment Cluster*
 Foundation for
 Professional Treatment

Developed Country NGO

Alvaro Bermejo

United Kingdom
Executive Director
 International HIV/
 AIDS Alliance

Developing Country NGO

CHEICK TIDIANE TALL

Senegal
Executive Director
 African Council of AIDS
 Service Organizations

Eastern and Southern Africa

MOINAFOURAHA AHMED

Union of the Comoros
Minister of Health
 Ministère de la Santé,
 de la Solidarité, de la
 Cohésion sociale et de
 la Promotion du Genre

Eastern Europe and Central Asia

VIOREL SOLTAN

Moldova, Republic of
Deputy Minister of Health
 Ministry of Health

Eastern Mediterranean Region

ABDULKARIM

YEHIA RASAE

Yemen
Minister of Public Health
 Ministry of Public Health

European Commission (Belgium, Finland, Portugal)

KRISTIAN SCHMIDT

Belgium
*Director of Human and
 Society Development/
 Director General for
 Development and
 Cooperation*
 European Commission

France

PATRICE DEBRÉ

France
*Ambassador for the
 Fight against AIDS and
 Communicable Diseases*
 French Ministry of Foreign
 and European Affairs

Germany (Canada, Switzerland)

REINHARD TITTEL- GRONEFELD

Germany
*Head of Division, Health,
 Population Policies*
 German Federal Ministry
 for Economic Cooperation
 and Development

Italy and Spain

ELISABETTA BELLONI

Italy
*Director, General-Directorate
 for Development Cooperation*
 Ministry of Foreign Affairs

Japan

MASAKI NOKE

Japan
Deputy Director-General
 Ministry of Foreign Affairs

Latin America and the Caribbean

LESLIE RAMSAMMY

Guyana
Minister of Health
 Ministry of Health

Point Seven

MARTIN GREENE

Ireland
Consultant to Irish Aid
 Irish Aid

Private Foundations

ERNEST LOEVINSOHN

United States
*Director, Global Health
 Policy and Advocacy*
 Bill & Melinda Gates
 Foundation

Private Sector

BRIAN BRINK

South Africa
Chief Medical Officer
 Anglo American plc

South East Asia

RAJENDRA MAHATO

Nepal
*Minister for Health
 and Population*
 Ministry for Health
 and Population

United Kingdom and Australia

CARLTON EVANS

United Kingdom
*Policy and Programme
 Manager*
 Department for
 International Development

United States

ERIC GOOSBY

United States
U.S. Global AIDS Coordinator
 Office of the U.S. Global
 AIDS Coordinator, U.S.
 Department of State

West and Central Africa

GEORGES MOYEN

Republic of the Congo
Minister of Health
 Ministry of Health
 and Population

Western Pacific Region

JIEFU HUANG

China
Vice-Minister of Health
 Ministry of Health

EX-OFFICIO NON-VOTING CONSTITUENCIES

Partners

LUCICA DITIU

Switzerland
Executive Secretary
 Stop TB Partnership
 Secretariat

UNAIDS

MICHEL SIDIBÉ

Switzerland
Executive Director
 UNAIDS

WHO

HIROKI NAKATANI

Switzerland
*Assistant Director General,
 HIV/AIDS, TB, Malaria
 and Tropical Diseases*
 World Health Organization

World Bank

AXEL VAN TROTSENBURG

United States
First Counsellor
 The World Bank

Host Country

EDMOND TAVERNIER

Switzerland
Managing Partner
 Tavernier Tschanz

Executive Director

MICHEL KAZATCHKINE

Switzerland

2011 LIST OF PLEDGES AND CONTRIBUTIONS

THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

PLEDGES¹ In thousands of currency units

DONORS		TOTAL PLEDGES TO DATE			TOTAL PAID-IN TO DATE (USD)
COUNTRIES		AMOUNT PLEDGED	EQUIVALENT IN USD	PERIOD OF PLEDGE (if known)	
Australia	AUD	420,000	386,170	2004-2013	213,177
Belgium	EUR	101,183	155,969	2001-2010	156,155
Brunei Darussalam	USD	150	150	2007, 2011	50
Canada ²	USD	100,000	100,000	2002-2004	100,006
	CAD	1,380,000	1,273,325	2005-2013	920,280
China	USD	30,000	30,000	2003-2013	20,000
Denmark ³	DKK	1,761,600	301,635	2002-2013	240,658
European Commission ⁴	EUR	1,252,500	1,629,774	2001-2013	1,351,349
Finland ³	EUR	27,000	35,717	2006-2013	25,357
France ^{2,5}	EUR	2,905,000	3,852,306	2002-2013	2,799,470
Germany ³	EUR	1,523,500	2,038,293	2002-2013	1,525,623
Greece	EUR	1,600	2,150	2005, 2007, 2008	2,150
Hungary	USD	55	55	2004-2006, 2008	55
Iceland	ISK	30,000	421	2004-2005	421
	USD	700	700	2006-2008	700
India	USD	11,000	11,000	2006-2010	10,000
Ireland	EUR	170,000	220,114	2002-2010	172,704
Italy	USD	200,000	200,000	2002-2003	215,160
	EUR	850,000	1,129,801	2004-2010	793,101
Japan ⁶	USD	2,087,416	2,087,416	2002-	1,402,045
Korea (Republic of)	USD	23,000	23,000	2004-2015	15,000
Kuwait ⁷	USD	4,500	4,500	2003, 2008-2009, 2011-2013	3,500
Latvia	USD	10	10	2008	10
Liechtenstein	USD	425	425	2002, 2005-2008	425
	CHF	500	452	2004, 2006, 2009-2011	452
Luxembourg	EUR	26,050	34,084	2002-2013	27,609
Malaysia	USD	100	100	2010	100
Monaco ³	USD	132	132	2002-2004	132
	EUR	240	311	2011-2013	
Namibia	USD	750	750	2011-2013	
Netherlands	EUR	663,100	866,941	2002-2010	689,396
New Zealand	NZD	4,450	2,841	2003-2005, 2010	2,841
Nigeria	USD	29,000	29,000	2002-2003, 2006, 2011	19,044
Norway ³	NOK	3,540,882	578,102	2002-2013	427,947
Poland	USD	150	150	2003-2006, 2008	150
Portugal	USD	15,500	15,500	2003-2010	14,393
Romania	EUR	575	820	2007-2010	820
Russia	USD	317,000	317,000	2002-2013	277,000
Rwanda	USD	1,000	1,000	2011-2013	350
Saudi Arabia	USD	28,000	28,000	2003-2006, 2008-2010	28,000
Singapore	USD	1,000	1,000	2004-2008	1,000
Slovenia	SIT	5,400	28	2004-2006	28
	EUR	160	226	2007-2008	226
South Africa	USD	10,000	10,000	2003-2008	10,000
	ZAR	17,000	2,125	2006, 2008, 2011	277
Spain	USD	764,547	764,547	2003-2005, 2007-2010	652,425
	EUR	50,000	63,900	2006	63,900
Gen.Catalunya/Spain	EUR	5,500	7,898	2005-2008	7,898
Sweden	SEK	5,856,000	832,414	2002-2010	629,250
Switzerland ³	USD	10,000	10,000	2002-2003	10,000
	CHF	65,000	61,595	2004-2013	45,631
Thailand	USD	17,500	17,500	2003-2012	9,000
Tunisia ²	USD	2,000	2,000	2011	2,000
United Kingdom ⁸	GBP	1,409,000	2,299,602	2001-2015	1,662,783
United States ^{3,9}	USD	9,506,872	9,506,872	2001-2013	6,079,861
Other Countries ¹⁰		various	3,968	2001-2007	3,443
Total			28,941,790		20,633,350

PLEDGES BY YEAR DUE (IN USD)							LATER OR PLEDGE PERIOD TO BE CONFIRMED
2001-2007	2008	2009	2010	2011	2012	2013	
56,786	38,884	32,820	42,538	42,150	71,232	101,760	
62,438	15,919	23,332	27,413	26,867			
50				100			
100,000							
331,462	129,110	141,487	141,750	176,471	176,523	176,523	
10,000	2,000	2,000	2,000	4,000	5,000	5,000	
117,449	29,398	31,873	31,215	30,723	30,489	30,489	
789,911	136,625	143,260	134,422	166,556	129,500	129,500	
6,957	3,934	4,898	4,388	5,180	5,180	5,180	
1,206,426	439,050	409,089	395,950	469,389	466,200	466,200	
403,117	312,202	271,442	260,422	273,110	259,000	259,000	
788	1,362						
35	20						
421							
400	300						
4,000	2,000	2,000	3,000				
97,841	37,247	13,966	45,161				25,900
200,000							
606,210	186,891	168,350	168,350				
662,275	183,845	194,426	246,870	114,229			685,771
4,000	3,500	3,500	2,000	2,000	2,000	2,000	4,000
1,000	1,000	500	500	500	500	500	
	10						
325	100						
117		127	103	105			
13,647	3,899	3,322	3,169	3,572	3,238	3,238	
			100				
132							
				52	104	155	
				250	250	250	
321,556	114,192	83,472	118,159	88,407	70,578	70,578	
2,169			671				
19,000				10,000			
170,480	52,646	67,151	61,969	75,700	75,078	75,078	
50	100						
7,500	3,000	2,500	2,500				
436	67	108	67	143			
115,740	78,405	57,398	5,457	20,000	20,000	20,000	
				350	325	325	
10,000	6,000	6,000	6,000				
800	200						
28							
44	53	60	69				
10,000							
131	146			1,848			
165,000	136,547	213,000	250,000				
63,900							
5,639	2,260						
273,499	104,798	89,743	74,041	87,169	101,582	101,582	
10,000							
16,920	6,689	6,293	7,187	8,542	8,514	7,450	
5,000	1,000	1,000	1,000	1,000	1,000		7,500
				2,000			
659,965	78,520	184,071	307,638	432,412			636,996
2,689,646	808,189	959,037	1,050,000	1,050,000			2,950,000
3,968							
9,227,255	2,920,109	3,116,226	3,394,110	3,092,824	1,426,292	1,454,807	4,310,167

THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

PLEDGES¹ (continued) In thousands of currency units

DONORS		TOTAL PLEDGES TO DATE			TOTAL PAID-IN TO DATE (USD)
OTHER		AMOUNT PLEDGED	EQUIVALENT IN USD	PERIOD OF PLEDGE (if known)	
Bill & Melinda Gates Foundation ¹¹	USD	1,400,000	1,400,000	2002-2004, 2006-2015	1,400,000
Communitas Foundation	USD	2,000	2,000	2007-2008	2,000
Debt2Health					
Australia	AUD	37,500			
of which realized as restricted contribution from:					
Indonesia	AUD	37,500	38,183	2010-2016	5,815
Germany	EUR	200,000			
of which realized as restricted contribution from:					
Côte d'Ivoire	EUR	9,500	12,356	2011-2018	661
Egypt	EUR	3,326	4,807	2011	4,807
Indonesia	EUR	25,000	35,182	2008-2012	28,707
Pakistan	EUR	20,000	26,680	2009-2012	20,205
UNITAID	USD	38,692	38,692	2007	38,692
Anglo American plc.	USD	3,000	3,000	2011-2013	1,000
Chevron Corporation	USD	55,000	55,000	2008-2013	38,000
Comic Relief	GBP	2,000	3,293	2009-2010	2,984
Exchange-Traded Funds (ETF)	USD	9	9	2011-	9
Idol Gives Back	USD	16,600	16,600	2007-2009	16,600
Gift From Africa	USD	3,000	3,000	2011-2013	693
M-A-C AIDS Fund	USD	1,375	1,375	2009-2011	1,375
(PRODUCT)RED TM and Partners: American Express, Apple, Bugaboo International, Converse, Dell + Windows, GAP, Giorgio Armani, Hallmark, Motorola Foundation, Motorola Inc. & Partners, Starbucks Coffee, Media Partners and (RED) Supporters ¹²					183,092
Takeda Pharmaceutical ¹³	JPY	960,000	12,249	2010-2019	2,236
THE UNITED NATIONS FOUNDATION AND ITS DONORS:					
Hottokenai Campaign (G-CAP Coalition Japan)	USD	250	250	2006	250
Lutheran Malaria Initiative	USD	339	339	2011-2015	339
United Methodist Church	USD	28,000	28,000	2011-2013	1,590
Other United Nations Foundation	USD	4,022	4,022	various	7,641
Other Donors ¹⁴				various	95
Total			1,685,038		1,756,792
GRAND TOTAL			30,626,828		22,390,142
AFFORDABLE MEDICINES FACILITY - MALARIA (AMFm)					
Gates Foundation	USD	19,365	19,365	2009-2010	19,365
UNITAID	USD	130,000	130,000	2009-2010	130,000
United Kingdom	GBP	40,000	62,490	2009-2010	62,490
AMFm - Total			211,855		211,855

PLEDGES BY YEAR DUE (IN USD)							LATER OR PLEDGE PERIOD TO BE CONFIRMED
2001-2007	2008	2009	2010	2011	2012	2013	
350,000	100,000	100,000	100,000	150,000	150,000	150,000	300,000
1,000	1,000						
			1,850	3,965			32,368
			661	912	1,422	1,822	7,539
				4,807			
	8,006	7,244	6,288	7,169	6,475		
		6,947	6,121	7,137	6,475		
38,692							
				1,000	1,000	1,000	
	10,000	10,000	10,000	8,000	8,000	9,000	
		2,984	309				
				9			
3,000	3,000	10,600					
				1,000	1,000	1,000	
		500	375	500			
			1,083	1,152	1,195	1,260	7,558
250							
				339			
				1,590			26,410
4,022							
396,964	122,006	138,275	126,687	187,581	175,567	164,082	373,875
9,624,220	3,042,115	3,254,501	3,520,797	3,280,405	1,601,859	1,618,889	4,684,042
		9,531	9,834				
		65,000	65,000				
		16,158	46,332				
		90,689	121,166				

Notes:

- (a) For pledges made in currencies other than U.S. dollars, the pledge amount in USD comprises the actual USD value realized from any contributions made plus the USD equivalent of the remainder of the pledge calculated using exchange rates posted on OANDA.com as of 31 December 2011.
(b) Where pledges have been made that are not specific to individual years, the amount shown as pledged for a period is the sum of contributions received in that period. The remainder is shown under "Pledge Period to be Confirmed".
- The pledge for the period 2012-2013 has not yet been attributed to specific years by the donor. The Secretariat has assumed an equal allocation of this pledge between 2012 and 2013, until otherwise notified by the donor.
- The pledge for 2011-2013 is subject to budgetary and/or parliamentary approval.
- The contribution for 2011 is pending final decision of the European Union budget authority and formal agreement of the ACP Group. Contributions for 2012 and 2013 in accordance with annual budgetary procedures.
- (a) France will reserve up to 5 percent of its total 2011-2013 contribution to support Global Fund grant implementation in most in-need recipient countries.
(b) The pledge for the period 2012-2013 has not yet been attributed to specific years by the donor. The Secretariat has assumed an equal allocation of this pledge between 2012 and 2013, until otherwise notified by the donor.
- Japan will make its contributions amounting to USD 800 million in the coming years.
- The pledge amount for Kuwait for 2011-2013 was increased from USD 0.5 million to USD 1.5 million following advice from the donor.
- The pledge amount for 2012-2013 (currently included in the "Later Pledge Period to be Confirmed" column) is subject to the UK Multilateral Aid Review.
- The United States contribution to the Global Fund is subject to certain U.S. legislative restrictions, including that, during 2004-2013, no U.S. government contribution may cause the total amount of U.S. government funds contributed to exceed 33 percent of total contributions. Furthermore, at the donor's discretion, up to 5 percent of this funding may be applied in the form of direct bilateral technical assistance to activities related to Global Fund grant implementation, and the contribution to the Global Fund reduced correspondingly.
- Countries that have not made a pledge and/or contribution for years after 2007.
- The total pledge for 2011 through 2015 is USD 750 million. To honor this pledge, the Gates Foundation has issued a long-term obligation with a face value of USD 750 million for a period of 19 years. Under the terms of the obligation, five separate annual contributions of USD 150 million are characterized as received for each of the years 2011 through 2015 (while actual payment of these annual contributions of USD 150 million per year will commence in 2026). A part or the full amount of the obligation could be paid earlier, subject to certain prior conditions being met.
- Some (PRODUCT)RED corporate partners have made long-term commitments to supporting the Global Fund; the listed figure includes actual contributions made by several partners to date.
- The final pledge amount is subject to review in 2013.
- Other Donors: includes contributions received from the American Express Membership Rewards® program.

THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

CONTRIBUTIONS TO DATE¹

In thousands of currency units

Notes:

1 (a) For pledges made in currencies other than USD, the pledge amount in USD comprises the actual USD value realized from any contributions made plus the USD equivalent of the remainder of the pledge calculated using exchange rates posted on OANDA.com, as of 31 December 2011.

(b) Where pledges have been made that are not specific to individual years, the amount shown as pledged for a period is the sum of contributions received in that period. The remainder is shown under "Pledge Period to be Confirmed".

(c) Contributions held in the currency in which received are stated at their USD equivalent on the date of receipt.

2 Amounts "Not Yet Paid" will not equal "Amount Pledged" less "Amount Contributed", in instances where a donor has made contributions in excess of pledges for some years while not contributing the full pledge for other years.

3 Contributions in process are amounts expected to be received within one month, and for which a contribution agreement has been signed or which have been deposited in a holding account with the Trustee pending signature of a contribution agreement.

4 The United States contribution to the Global Fund is subject to certain U.S. legislative restrictions, including that, during 2004-2013, no U.S. government contribution may cause the total amount of U.S. government funds contributed to exceed 33 percent of total contributions. Furthermore, at the donor's discretion, up to 5 percent of this funding may be applied in the form of direct bilateral technical assistance to activities related to Global Fund grant implementation, and the contribution to the Global Fund reduced correspondingly.

5 Countries that have not made a pledge and/or contribution for years after 2007.

6 The total pledge for 2011 through 2015 is USD 750 million. To honor this pledge, the Gates Foundation has issued a long-term obligation with a face value of USD 750 million for a period of 19 years. Under the terms of the obligation, five separate annual contributions of USD 150 million are characterized as received for each of the years 2011 through 2015 (while actual payment of these annual contributions of USD 150 million per year will commence in 2026). A part or the full amount of the obligation could be paid earlier, subject to certain prior conditions being met.

7 Some (PRODUCT)RED corporate partners have made long-term commitments to supporting the Global Fund; the listed figure includes actual contributions made by several partners to date.

8 Other Donors: includes contributions received from the American Express Membership Rewards® program and Transnational Giving Europe.

DONORS	2001-2009 (IN USD)		
COUNTRIES	AMOUNT PLEGGED	AMOUNT CONTRIBUTED	NOT YET PAID ²
Australia	128,489	128,489	
Belgium	101,689	101,874	
Brunei Darussalam	50	50	
Canada	702,059	702,065	
China	14,000	14,000	
Denmark	178,720	178,720	
European Commission	1,069,796	1,069,796	
Finland	15,789	15,789	
France	2,054,565	2,054,565	
Germany	986,761	986,761	
Greece	2,150	2,150	
Hungary	55	55	
Iceland	1,121	1,121	
India	8,000	8,000	
Ireland	149,054	149,054	
Italy	1,161,451	1,008,261	168,350
Japan	1,040,546	1,040,946	
Korea (Republic of)	11,000	11,000	
Kuwait	2,500	2,500	
Latvia	10	10	
Liechtenstein	669	669	
Luxembourg	20,868	20,868	
Malaysia			
Monaco	132	132	
Namibia			
Netherlands	519,220	519,220	
New Zealand	2,169	2,169	
Nigeria	19,000	19,044	37
Norway	290,278	290,278	
Poland	150	150	
Portugal	13,000	13,000	
Romania	610	610	
Russia	251,543	251,543	
Rwanda			
Saudi Arabia	22,000	22,000	
Singapore	1,000	1,000	
Slovenia	185	185	
South Africa	10,277	10,277	
Spain	578,447	582,652	
Gen.Catalunya/ Spain	7,898	7,898	
Sweden	468,040	468,040	
Switzerland	39,902	39,902	
Thailand	7,000	7,000	
Tunisia			
United Kingdom	922,556	922,733	
United States ⁴	4,456,872	4,456,872	
Other Countries ⁵	3,968	3,443	525
Total	15,263,590	15,114,891	168,912
OTHER			
Bill & Melinda Gates Foundation ⁶	550,000	550,000	
Communitas Foundation	2,000	2,000	
Debt2Health			
Australia realized as restricted contribution from: Indonesia			
Germany realized as restricted contribution from: Côte d'Ivoire			
Egypt			
Indonesia	15,250	15,250	
Pakistan	6,947	6,947	
UNITAID	38,692	38,692	
Anglo American plc.			
Chevron Corporation	20,000	20,000	
Comic Relief	2,984	2,984	
Exchange-Traded Funds (ETF)			
Idol Gives Back	16,600	16,600	
Gift From Africa			
M-A-C AIDS Fund	500	500	
(PRODUCT)RED™ and Partners: American Express, Apple, Bugaboo International, Converse, Dell + Windows, GAP, Giorgio Armani, Hallmark, Motorola Foundation, Motorola Inc. & Partners, Starbucks Coffee, Media Partners and (RED) Supporters ⁷		140,533	
Takeda Pharmaceutical			
THE UNITED NATIONS FOUNDATION AND ITS DONORS:			
Hottokenai Campaign (G-CAP Coalition Japan)	250	250	
LMI (Lutheran Malaria Initiative)			
United Methodist Church			
Other UNF Donors	4,022	6,510	
Other Donors ⁸		26	
Total	657,246	800,293	
GRAND TOTAL	15,920,835	15,915,184	168,912
AFFORDABLE MEDICINES FACILITY - MALARIA (AMFm)			
Gates Foundation	9,531	9,531	
UNITAID	65,000	65,000	
United Kingdom	16,158	16,158	
AMFm - Total	90,689	90,689	

2010 (IN USD)			2011 (IN USD)				
AMOUNT PLEGGED	AMOUNT CONTRIBUTED	NOT YET PAID	AMOUNT PLEGGED	Paid In	AMOUNT CONTRIBUTED In Process ³	Total	NOT YET PAID
42,538	42,538		42,150	42,150		42,150	
27,413	27,413		26,867	26,867		26,867	
			100				100
141,750	141,750		176,471	176,471		176,471	
2,000	2,000		4,000	4,000		4,000	
31,215	31,215		30,723	30,723		30,723	
134,422	134,422		166,556	147,131		147,131	19,425
4,388	4,388		5,180		5,180	5,180	
395,950	395,950		469,389	348,954		348,954	120,435
260,422	265,752		273,110	273,110		273,110	
3,000	2,000	1,000					
45,161	23,651	21,510					
168,350		168,350					
246,870	246,870		114,229	114,229		114,229	
2,000	2,000		2,000	2,000		2,000	
500	500		500		500	500	
103	103		105	105		105	
3,169	3,169		3,572	3,572		3,572	
100	100						
			52				52
			250				250
118,159	81,770	36,390	88,407	88,407		88,407	
671	671						
			10,000				10,000
61,969	61,969		75,700	75,700		75,700	
2,500	1,393	1,107					
67	67		143	143		143	
5,457	5,457		20,000	20,000		20,000	
			350	350		350	
6,000	6,000						
69	69						
			1,848				1,848
250,000	133,673	116,327					
74,041	74,041		87,169	87,169		87,169	
7,187	7,187		8,542	8,542		8,542	
1,000	1,000		1,000	1,000		1,000	
			2,000	2,000		2,000	
307,638	307,638		432,412	432,412		432,412	
1,050,000	996,343	53,657	1,050,000	626,645		626,645	423,355
3,394,110	3,001,099	398,341	3,092,824	2,511,680	5,680	2,517,360	575,465
100,000	100,000		150,000	150,000		150,000	
1,850	1,850		3,965	3,965		3,965	
661	661		912				912
			4,807	4,807		4,807	
6,288	6,288		7,169	7,169		7,169	
6,121	6,121		7,137	7,137		7,137	
			1,000	1,000		1,000	
10,000	10,000		8,000	8,000		8,000	
309		309					
			9	9		9	
			1,000	693		693	307
375	375		500	500		500	
	21,096			21,462		21,462	
1,083	1,083		1,152	1,152		1,152	
			339	339		339	
			1,590	1,590		1,590	
	607			524		524	
	21			48		48	
126,687	148,103	309	187,581	208,396		208,396	1,218
3,520,797	3,149,202	398,650	3,280,405	2,720,076	5,680	2,725,756	576,683
9,834	9,834						
65,000	65,000						
46,332	46,332						
121,166	121,166						



2011 FINANCIAL STATEMENTS

Consolidated financial statements of
the Global Fund to Fight AIDS, Tuberculosis and Malaria
as of 31 December 2011
prepared in accordance with
International Financial Reporting Standards
together with the report of the independent auditors

28	REPORT OF THE STATUTORY AUDITORS
30	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31	CONSOLIDATED STATEMENT OF INCOME
31	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
32	CONSOLIDATED STATEMENT OF CASH FLOWS
33	CONSOLIDATED STATEMENT OF CHANGES IN FUNDS
34	1. ACTIVITIES AND ORGANIZATION
35	2. SIGNIFICANT ACCOUNTING POLICIES
45	3. DETAILS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS
52	4. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES



Ernst & Young Ltd
Route de Chancy 59
P.O. Box
CH-1213 Lancy

Phone +41 58 286 56 56
Fax +41 58 286 56 57
www.ey.com/ch

The Global Fund to fight Aids, Tuberculosis and Malaria

Lancy, 31 May 2012

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of The Global Fund to fight Aids, Tuberculosis and Malaria, which comprise the statement of financial position, statement of income, statement of comprehensive income, statement of cash flows, statement of changes in funds and notes on pages 30 to 57 for the year ended 31 December 2012.

Board and Secretariat's responsibility

The Board and the Secretariat are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of 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 and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board and the Secretariat are 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 consolidated financial statements based on our audit. We conducted our audit in accordance with in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of



2

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 consolidated 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 consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash - flows in accordance with IFRS and comply with Swiss law, as well as with the by-laws.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 83b paragraph 3 Swiss Civil Code (CC) in relation to article 728 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 Board.

Ernst & Young Ltd

Laurent Bludzien
Licensed audit expert
(Auditor in charge)

Thomas Madoery
Licensed audit expert

The Global Fund to Fight AIDS, Tuberculosis and Malaria

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2011

In thousands of USD	Notes	2011	2010
ASSETS			
Current assets			
Cash and cash equivalents	2.5	42,319	19,816
Trust Fund	2.6, 3.1	5,410,182	5,288,463
Provident fund investments	2.23, 4.5	60,107	39,500
Promissory notes maturing within one year	2.7	448,908	441,764
Contributions receivable within one year	2.7, 3.2	273,497	143,520
Prepayments and other receivables	2.8	7,369	3,841
		<u>6,242,382</u>	<u>5,936,904</u>
Non-current assets			
Plant, property and equipment	2.11, 3.5	559	-
Intangible assets	2.12, 3.5	1,092	-
Promissory notes maturing after one year	2.7	93,568	207,107
Contributions receivable after one year	2.7, 3.2	967,209	100,677
		<u>1,062,428</u>	<u>307,784</u>
Total ASSETS		<u>7,304,810</u>	<u>6,244,688</u>
LIABILITIES and FUNDS			
Liabilities			
Current liabilities			
Undisbursed grants payable within one year	2.14, 3.3	3,456,600	3,294,266
Accrued expenses	2.15	60,935	62,495
Accounts payable	2.15	31,683	9,865
Deferred contributions realizable within one year	2.7, 3.4	58,821	156,302
		<u>3,608,039</u>	<u>3,522,928</u>
Non-current liabilities			
Undisbursed grants payable after one year	2.14, 3.3	941,499	1,133,430
Deferred contributions realizable after one year	2.7, 3.4	43,868	49,854
Employee benefit liability	2.16, 3.12	66,518	39,258
		<u>1,051,885</u>	<u>1,222,542</u>
Total LIABILITIES		<u>4,659,924</u>	<u>4,745,470</u>
FUNDS at the end of the year			
Attributed as follows:			
Foundation capital		50	50
Temporarily restricted funds	2.7, 2.17	17,048	13,449
Unrestricted funds	2.17	2,627,788	1,485,719
Total FUNDS		<u>2,644,886</u>	<u>1,499,218</u>
Total LIABILITIES and FUNDS		<u>7,304,810</u>	<u>6,244,688</u>

The Global Fund to Fight AIDS, Tuberculosis and Malaria

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

In thousands of USD	Notes	2011	2010
INCOME			
Contributions	2.7, 3.6	4,184,869	2,328,967
Foreign currency loss	2.7	(84,872)	(97,147)
Bank and trust fund income	2.5, 2.6	80,214	149,684
Provident fund investment fair valuation gain	2.23, 4.5	2,217	-
Total INCOME		4,182,428	2,381,504
EXPENDITURE			
Grants	2.14, 3.7	2,741,021	3,221,164
Foreign currency gain	2.14	(12,953)	(35,752)
Un-collectible contributions	2.7, 2.10, 3.8	3,928	26,729
Employment costs	2.16, 2.18, 3.12	126,677	107,056
Local fund agent fees	2.19	76,522	57,944
Other operating expenses	3.9	101,565	97,773
Total EXPENDITURE		3,036,760	3,474,914
INCREASE/(DECREASE) IN FUNDS for the year		1,145,668	(1,093,410)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

In thousands of USD	2011	2010
Net increase/(decrease) in funds for the year	1,145,668	(1,093,410)
Other comprehensive gain/(loss)	-	-
Total comprehensive gain/(loss) for the year	1,145,668	(1,093,410)

The Global Fund to Fight AIDS, Tuberculosis and Malaria

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

In thousands of USD	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	3,101,330	2,804,761
Bank and trust fund income received	86,175	149,684
	3,187,505	2,954,445
Grants disbursed	(2,622,893)	(3,060,680)
AMFm co-payments disbursed	(123,420)	(902)
Provident fund investments	(20,074)	(39,500)
Payments to suppliers and personnel	(276,896)	(247,450)
	(3,043,283)	(3,348,532)
CASH FLOWS FROM OPERATING ACTIVITIES being the net increase/(decrease) in cash and cash equivalents	144,222	(394,087)
CASH AND CASH EQUIVALENTS at beginning of the year	5,308,279	5,702,366
CASH AND CASH EQUIVALENTS at end of the year	5,452,501	5,308,279

The Global Fund to Fight AIDS, Tuberculosis and Malaria

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2011

In thousands of USD

	Foundation capital	Temporarily restricted funds	Unrestricted funds	Total
Note 2.17				
As at 1 January 2010	50	15,131	2,577,447	2,592,628
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
As at 1 January 2011	50	13,449	1,485,719	1,499,218
Increase in funds for the year	-	3,599	1,142,069	1,145,668
At 31 December 2011	50	17,048	2,627,788	2,644,886

The Global Fund to Fight AIDS, Tuberculosis and Malaria

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. It is monitored by the Swiss Federal Supervisory Board for Foundations. 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 (TB) and malaria. The Global Fund provides grants to locally developed programs, working in close collaboration with governments, nongovernmental 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; and
- 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 trust in the Trust Fund which is administered by the International Bank for Reconstruction and Development (the "World Bank"), as the Trustee for the Global Fund 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.

These consolidated financial statements were authorized for issuance by the Global Fund Board ("the Board") on 31 May 2012.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The consolidated 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").

2.2 Basis of presentation

The consolidated financial statements are presented in USD, the Global Fund's functional currency and 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 USD.

The consolidated financial statements include the accounts of the Global Fund and the US Fund, a special-purpose entity that has been defined in Note 2.21. All inter-entity balances and transactions have been eliminated on consolidation.

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

- Trust Fund as indicated in Note 2.6;
- non-current contributions receivable, promissory notes, revenue recognition, complex contribution agreements that contain restrictions as indicated in Note 2.7;
- impairment of financial assets as indicated in Note 2.10;
- impairment of plant, property and equipment and intangible asset as indicated in Note 2.13;
- non-current undisbursed grants as indicated in Note 2.14;
- employee benefits as indicated in Note 2.16; and
- consolidation of a special purpose entity as indicated in Note 2.21.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated 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 consolidated 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 consolidated financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified through the statement of income 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 USD and EUR) and applied to long-term assets and liabilities denominated in those currencies. The rate of investment return on trust funds as reported by the Trustee is 1.78 percent for USD and 1.28 percent for EUR. 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.

2.4 Foreign currency

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

2.5 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.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 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. 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 recognized in the statement of income.

2.7 Contributions

All 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. This includes all multiyear contribution agreements with long-term receipt schedules that extend greater immediate commitment authority for establishing full asset coverage for all funding commitments. The movement in the valuation of promissory notes and contributions receivable are recognized in the statement of income.

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 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 contribution income.

All contributions received where use is limited by donor-imposed purpose or time restrictions have been classified as temporarily restricted contributions.

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 income, at their estimated economic value to the Global Fund.

Contributions received that relate to an expense item are recognized as deferred revenue and released as income to the statement of income over the period necessary to match the contributions on a systematic basis to the costs that they are intended to compensate.

Grant funds recoverable from Principal Recipients due to grant closure - including cases where continuity of services, change in Principal Recipient, and recoveries resulting from the audits and investigations conducted by the Office of the Inspector General - are treated as amounts recoverable and are subject to the same policy of valuation, risk assessment and asset impairment as contributions recoverable from donors.

2.8 Prepayments and other receivables

Prepayments and other receivables are stated at their cost net of an allowance on outstanding amounts to cover the risk on non-payment as detailed under Note 2.10.

2.9 Financial assets and liabilities – valuation

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through the profit and loss account, loans and receivable, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

hedging instruments in an effective hedge, as appropriate. The Global Fund currently carries only receivables (promissory notes and contributions receivable. See Note 2.7) and financial assets at fair value through the statement of income.

A financial asset or financial liability at fair value through the statement of income 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 recognized initially, it is measured 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 the statement of income. A gain or loss on a financial asset or financial liability classified as at fair value through the statement of income is recognized in the statement of income.

2.10 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 amortized cost: When there is objective evidence that an impairment loss on an asset carried at amortized 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 interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the loss is recognized in the statement of income.

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 recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the statement of income.

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 will not be 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 percent 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 percent write-down of the contribution receivable if not received within 36 months from the due date of receipt as stipulated in the contribution agreement; and
 - 100 percent write-off 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 percent write-down of the contribution receivable if not received within 12 months from the due date of receipt as stipulated in the contribution agreement; and
 - 100 percent write-off of the contribution receivable if not received within 18 months from the due date of receipt as stipulated in the contribution agreement.

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

- c) Receivable from employees and others:
 - 100 percent write-off 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.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Plant, property and equipment

Plant, property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing or renovating parts of the asset. Any significant replacement of parts of plant, property and equipment at intervals is recognized as individual assets with specific useful lives and is depreciated accordingly. All other repair and maintenance costs are recognized in the statement of income as incurred. Items of plant, property and equipment include office furniture and fixtures, leasehold improvements and computer equipment.

Depreciation is calculated on a straight-line basis over three years.

An item of plant, property and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income when the asset is derecognized. The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as three years unless determined to be shorter and are linked to project deliverables.

Intangible assets are amortized over the useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is de-recognized.

2.13 Impairment of plant, property and equipment and intangible assets

The Global Fund assesses at each reporting date whether there is an indication that an asset may be impaired. In case of impairment of an asset, the recoverable amount is assessed as the higher of the fair value less disposal costs and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment losses are recognized in the statement of income in expense categories consistent with the function of the impaired asset.

2.14 Grants

All grants are governed by a written grant agreement and 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 their present value at this same date. The movement in valuation of undisbursed grants is recognized in the statement of income.

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 the statement of income.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Accrued expenses and accounts payable

Accrued expenses are recognized and carried at the anticipated amount to be invoiced. Accounts payable are recognized and carried at the original invoiced amount. Accounts payable are non-interest bearing and are normally settled on 30-day terms.

2.16 Employee benefits

Effective 1 January 2009 the Global Fund Provident Fund (the "Provident Fund"), 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 Provident Fund is the same legal entity as the Global Fund. It is a segregated fund with an autonomous governance structure.

2.16.1 Actuarial valuation

The cost of the Provident Fund defined benefit 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 to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.16.2 Defined benefit obligation

The defined benefit 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. The retirement savings up to the first CHF 80,000 are accumulated in sub-account A, which attracts a higher guaranteed minimum return (LPP+2 percent). The remaining contributions to the retirement savings are accumulated in sub-account B, which attracts a standard guaranteed minimum return limited to LPP. The LPP for 2011 was 2 percent (2010: 2 percent).

2.16.3 Risk benefits

The Provident 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.

2.16.4 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.

2.16.5 Amortization of Gains/Losses: Use of corridor

A corridor of up to 10 percent of the greater of the DBO and assets can be adopted. Only cumulative gains/losses outside the corridor are amortized through the statement of income.

2.16.6 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 income.

2.16.7 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 2011. The Global Fund made an additional amendment contribution in 2011 for Transition Credits for USD 0.9 million (2010: USD 3.1 million).

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16.8 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 United Nations Joint Staff Pension Fund (UNJSPF) and the UNJSPF 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 2010 and 2011. 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.

2.16.9 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.

2.17 Funds

All contributions received where the use is limited by statutory restrictions, donor-imposed purpose or time restrictions have been classified as temporarily restricted funds. All other funds are recognized as unrestricted funds that are subject to broad limits such as the purpose or nature of the Global Fund as stated in its by-laws and other core governance documents.

2.18 Personnel - contributions to the Provident Fund

Since transition from the World Health Organization in 2009, a small number of staff were permitted to continue making pension contributions to UNJSPF and therefore did not join the Provident Fund scheme. This arrangement has ended as at 31 December 2011. Effective 2012 all staff are members of the Provident Fund.

2.19 Local fund agent fees

Fees paid 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 performed.

2.20 Subsequent events

The Global Fund has reviewed the events occurring after the date of the statement of financial position and all material implications have been incorporated.

2.21 Consolidation – Special-purpose Entity: US Fund

During 2010 to 2011 the Secretariat has undertaken efforts to create a tax-efficient channel for private individuals and entities in the U.S. to donate to the Global Fund following the recommendations made by the Working Group on Managing Tension between Demand and Supply, and received endorsement by the Finance and Audit Committee. As a result of these efforts, undertaken with the guidance of specialized external legal counsel, the Secretariat approved the establishment of a U.S. charity dedicated to raise funds to support the mission of the Global Fund, the US Fund for the Global Fund to Fight AIDS, Tuberculosis and Malaria (the "US Fund"). The US Fund is a separate legal entity from the Global Fund that has been incorporated as a non-stock corporation established in Delaware, U.S., under the provisions of Section 501(c)(3) of the U.S. Internal Revenue Code.

The US Fund has been established solely for the purposes of facilitating revenue generation from individuals, corporations, and charitable entities registered in the U.S. to provide support to the mission of the Global Fund. However, the US Fund has sole discretion to use donated funds for the benefit of initiatives or organizations other than the Global Fund that have a similar mission.

The Board of the US Fund consists of seven members, who serve in their individual capacities, which include Todd Summers, serving as the President of the Board, Natasha Bilimoria, Dr. Christoph Benn, Lisa Carty, Rick Parnell, Stefan Emblad and one vacant seat.

For the purposes of reporting under IFRS, the Global Fund's external auditor, Ernst & Young has concluded that the Global Fund has established an autopilot control mechanism as the creator and the sponsor of the new entity that

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

extends beneficial interest and future economic benefits to the Global Fund. Accordingly, the US Fund qualifies to be a special-purpose entity for the purposes of consolidation, in accordance with the IFRS consolidation rules.

2.22 Financial risk management, objectives and policies

Fair value of financial instruments - Fair value is based upon quoted market prices for the same or similar securities, where available. Financial instruments for which quoted market prices are not readily available are valued based on discounted cash flow models. These models primarily use market-based or independently sourced market parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves, and may incorporate unobservable inputs. Selection of these inputs involves judgment. The Pool may include financial instruments such as government and agency obligations, time deposits and money market securities, asset-backed securities, securities purchased under resale agreements and securities sold under repurchase agreements, and derivatives. The techniques applied in determining the fair values of financial instruments are summarized below.

Government and agency obligations and asset-backed securities

Where available, quoted market prices are used to determine the fair value of government and agency obligations and asset-backed securities. For securities for which quoted market prices are not readily available, fair values are determined using model-based valuation techniques, either internally-generated or vendor-supplied, that include the standard discounted cash flow method using market observable inputs such as yield curves, credit spreads, prepayment speeds, foreign exchange rates, and funding spreads.

Time deposits and money market securities

Unless quoted prices are available, time deposits and money market securities are reported at face value, which approximates fair value.

Securities purchased under resale agreements and securities sold under repurchase agreements are reported at face value, which approximates fair value.

Derivative contracts

Derivative contracts include currency forward contracts, currency swaps, interest rate swaps, and contracts to purchase or sell mortgage-backed securities to be announced (TBA). Derivatives are valued using model-based valuation, which include the standard discounted cash flow method with market-observable inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

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 reported at fair value. All investment decisions are made and performance monitored at the Pool level. The disclosure on fair value measurement and fair value hierarchy is therefore at the Pool level. The fair value amount of the Trust Fund's share of cash and investments in the Pool at the end of the reporting period is also disclosed.

Fair value hierarchy

Financial instruments representing the entire pool of investments for all trust funds administered by the World Bank Group are recorded at fair value and 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.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 priority 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). As of 31 December 2011 and 31 December 2010, the Pool does not have any financial instruments measured at fair value on non-recurring basis.

Multiyear contribution agreement - All multiyear contribution agreements with long-term receipt schedules are recognized as revenue in the year in which the contribution agreement is signed with the donor. Such contributions extend greater immediate commitment authority for establishing full asset coverage for all funding commitments. The carrying value of such contributions receivable is based on the expected cash flows discounted using the rates of investment returns on funds held in trust, respectively, in USD and EUR. This valuation requires the Global Fund to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

Hedging arrangement

In December 2010, following the Board decision GF/BM22/DP28 authorizing the Secretariat to undertake appropriate measures for foreign exchange management, the Global Fund entered into a hedge agreement with Credit Suisse to buy Swiss Francs (CHF) and sell USD to secure a hedging arrangement for administering its operating expenditures that are primarily denominated in CHF.

As a pre-condition to establishing the hedge contract, the Global Fund also opened a loan facility with Credit Suisse for the amount of CHF 17.5 million on 23 December 2010 as a margin cover for the hedging contract. The loan facility would reduce every month during the performance of the contract until reaching zero on or before 31 December 2011. As there were no defaults by the Global Fund on meeting its payment obligation under the hedging contract, the loan facility was not utilized, and there were no cost implications to the Global Fund.

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

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

2.23 Provident fund investments

Effective October 2010, the Provident Fund assets were invested for the purposes of the investment policy of the Provident Fund in accordance with the principles and responsibilities established in the Constitutional Declaration and Benefits Rules and under article 6 of the Management Board Charter. Accordingly, all funds held in trust - including the investment income earned thereon - were transferred into strategic asset portfolios with the investment managers Sarasin and Wellington Management. The Provident fund investments are designated upon initial recognition as financial assets at fair value through the statement of income.

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 Sarasin and 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, Sarasin and 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. Both funds are regulated, open-ended investment funds.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 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 IFRIC interpretations that became 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. However, they did give rise to the revised presentation of the statement of income and the statement of comprehensive income.

Amendments to current accounting and reporting

- Revised IAS 24, "Related Parties Disclosures"
- Revised IAS 28, "Investments in Associates and Joint Ventures", early adopted
- Amendments to IAS 12, "Deferred Tax: Recovery of Underlying Assets", early adopted
- Amendment to IAS 32, "Classification of Right Issues", early adopted
- Amendments to IFRS 1, "Severe hyperinflation and removal of fixed dates for first-time adopters"
- "Improvements to IFRSs", issued May 2010
- Amendments to IFRIC 14, "Prepayments of a Minimum Funding Requirement"
- IFRS 11, "Joint arrangements", early adopted
- IFRS 12, "Disclosure of Interests in Other Companies", early adopted
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"
- IFRIC 20, "Stripping Cost in the Production Phase of a Surface Mine", early adopted

Future changes in accounting and reporting:

The following new or revised IFRS standards listed below have not yet been adopted by the Global Fund:

To be applied in 2012

Amendments to IFRS 7, " <i>Transfers of Financial Assets – Disclosures</i> " (October 2010)	IFRS 7 requires additional disclosures where an entity transfers part of a financial asset or transfers a financial asset but retains a continuing involvement in the asset. The Global Fund does not expect any impact on the restricting of its financial position or performance.
---	--

To be applied in 2013

Amendments to IAS 1, " <i>Presentation of Items of Other Comprehensive Income</i> "	These amendments to IAS 1 require grouping items presented in other comprehensive income based on whether they might at some point be reclassified ("recycled") to profit and loss. The Global Fund expects a limited impact on the statement of comprehensive income.
IFRS 10, " <i>Consolidated Financial Statements</i> "	IFRS 10 revises the control model determining which entities to consolidate, considering that the investor can have de facto control over the investee. The Global Fund does not believe that IFRS 10 will lead to more investees being consolidated. It will nonetheless quantify the effect of this standard in the next financial year.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revised IAS 27, <i>"Separate Financial Statements"</i>	Revised IAS 27 enhances the relevance and comparability of the information that is provided in the consolidated financial statements. The standard lists the information to disclose about the nature of the relationship between the group entities. The Global Fund does not believe that revised IAS 27 will lead to more disclosures in these consolidated financial statements.
IFRS 13, <i>"Fair Value Measurement"</i>	IFRS 13 provides a revised definition of fair value and an extensive disclosure framework. The Global Fund will assess the IFRS 13 fair value principles and compare them to current valuation processes for items measured at fair value or for which the fair value is disclosed. The Global Fund expects a limited impact on restricting of its financial position or performance.
IAS 19 <i>"Employee Benefits (amendment)"</i>	The IASB has issued numerous amendments to IAS 19 Employee Benefits. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets, to simple clarifications and re-wording. The Global Fund believes that IAS 19 will have an impact on its consolidated financial statements, as the corridor approach will be applied no more.

To be applied in 2014

Amendments to IAS 32, <i>"Offsetting Financial Assets and Financial Liabilities"</i>	These amendments to IAS 32 clarify the requirements for offsetting financial instruments and the notion of legally enforceable right of set-off. The Global Fund expects a limited impact on its disclosures.
--	---

To be applied in 2015

IFRS 9, <i>"Financial Instruments: Classification and Measurement"</i>	These amendments to IAS 32 clarify the requirements for offsetting financial instruments and the notion of legally enforceable right of set-off. The Global Fund expects a limited impact on its disclosures.
--	---

Future changes in IFRS

IFRS are undergoing a process of revision with a view to further harmonizing accounting rules internationally. Proposals to issue new or revised IFRSs, as yet unpublished, on financial instruments, provisions, revenue recognition, leases and other topics may change existing standards and may therefore affect the accounting policies applied by the Global Fund in future periods. Transition rules for these potential future changes may require the Global Fund to apply them retrospectively to periods before the date of adoption of the new standards.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

3. DETAILS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

In thousands of USD unless otherwise stipulated

3.1 Trust Fund

	2011	2010
World Bank	5,410,182	5,288,463

3.2 Contributions receivable

	2011	2010
Receivable within one year	273,497	143,520
Receivable after one year	967,209	100,677
	1,240,706	244,197
Receivable in 2011	-	143,520
Receivable in 2012	273,497	43,276
Receivable in 2013	383,053	19,979
Receivable in 2014	18,113	20,048
Receivable in and after 2015	775,369	21,906
	1,450,032	248,729
Discounted at the average rate of return for Trust Fund	(209,326)	(4,532)
Present value of contributions receivable	1,240,706	244,197

3.3 Undisbursed grants payable

	2011	2010
Payable within one year	3,456,600	3,294,266
Payable after one year	941,499	1,133,430
	4,398,099	4,427,696
Undisbursed grants due in 2011	-	3,294,266
Undisbursed grants due in 2012	3,456,600	1,093,823
Undisbursed grants due in 2013	904,734	87,225
Undisbursed grants due in 2014	79,004	-
	4,440,338	4,475,314
Discounted at the average rate of return for Trust Fund	(42,239)	(47,618)
Present value of undisbursed grants payable	4,398,099	4,427,696

In addition to the grant agreements entered into as outlined above, the Board has approved USD 2.8 billion (2010: USD 4.2 billion) of new grants that will become liabilities upon signature of the grant agreements. This includes staggered commitments of USD 960.3 million have been made with the Principal Recipients under a signed grant agreement but have not been committed as at the year-end. These staggered commitments will become liabilities in the future based on the needs of the Principal Recipients and the availability of funds and as such are considered contingent liabilities as at 31 December 2011.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

3. DETAILS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In thousands of USD unless otherwise stipulated

3.4 Deferred contributions

Deferred contributions released to the statement of income

	2011	2010
Within one year	58,821	156,302
After one year	43,868	49,854
	102,689	206,156

Deferred contributions - total

	2011	2010
AMFm	77,917	206,156
US Fund	24,772	-
	102,689	206,156

Deferred contributions- Affordable Medicines Facility – malaria (AMFm)

	2011	2010
At 1 January	206,156	207,058
Contributions and related Trust Fund investment income deferred during the year	5,961	-
Deferred contributions released to the statement of income	(135,875)	(3,496)
Movement in discounted value of deferred Contributions released to the statement of income	1,736	5,488
Revaluation during the year	(61)	(2,894)
At 31 December	77,917	206,156

The Global Fund to Fight AIDS, Tuberculosis and Malaria

3. DETAILS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In thousands of USD unless otherwise stipulated

3.5 Property, plant and equipment and intangible assets

Property, plant and equipment	Office furniture	Office equipment	Computer equipment	Property, plant and equipment
Cost or valuation				
As at 1 January 2011	-	-	-	-
Additions	109	13	537	659
Disposals	-	-	-	-
As at 31 December 2011	109	13	537	659
Depreciation/impairment				
As at 1 January 2011	-	-	-	-
Depreciation for the year	19	2	79	100
Disposal/impairment	-	-	-	-
As at 31 December 2011	19	2	79	100
Net book value				
As at 31 December 2011	90	11	458	559
As at 31 December 2010	-	-	-	-
Intangible assets	As at 1 January 2011	Additions	Depreciation/ impairment	As at 31 December 2011
Software applications	-	1,279	(187)	1,092
	-	1,279	(187)	1,092

3.6 Contributions

	2011	2010
Governments	3,277,281	2,249,838
Private sector	755,082	1,100
AMFm restricted - governments	135,875	3,496
Temporarily restricted - governments	-	37,566
Temporarily restricted - others	16,631	36,967
	4,184,869	2,328,967

The Global Fund to Fight AIDS, Tuberculosis and Malaria

3. DETAILS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In thousands of USD unless otherwise stipulated

3.7 Grants expenditure

	2011	2010
Grants	2,605,146	3,217,668
AMFm co-payments	135,875	3,496
	2,741,021	3,221,164

3.8 Uncollectible contributions

	2011	2010
Governments		
Impaired	-	500
Cancelled	-	17,769
Default discount premium		
- Contributions recoverable	3,223	8,460
- Grants under investigation	705	-
	3,928	26,729

The risk assessment of contributions receivable from Côte d'Ivoire necessitated a risk premium of 100 percent on EUR 9 million (USD 11.7 million) resulting in a discount premium of USD 3.2 million (2010: USD 8.5 million) being recognized in the statement of income. As at 31 December 2011 USD 0.7 million of the contribution receivable is past due. The carrying value of the contribution receivable from Côte d'Ivoire is reduced to nil in the statement of financial position.

During 2011, grants recoverable resulting from the audit and investigation conducted by the Office of the Inspector General were formally established in case of two principal recipients. In the case of the Philippines, the gross recoverable value of grants was assessed at USD 0.96 million based on the Secretariat letter served to the principal recipient in 2009. USD 0.3 million of this has been recovered. The remaining balance amount of USD 0.7 million has been disputed by the principal recipient and is considered non-recoverable. Accordingly, a 100 percent risk factor has been applied to the remaining balance.

In the case of Mauritania, the gross recoverable value of grants has been established at USD 4.4 million, of which USD 4.2 million has been recovered. Additional documentary evidence has been provided by the principal recipient for USD 0.2 million. As at 31 December 2011 the remaining balance of USD 18k is recoverable from the principal recipient.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

3. DETAILS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In thousands of USD unless otherwise stipulated

3.9 Other operating expenses

	2011	2010
Secretariat expenses		
Trustee fee	2,700	2,700
Other professional services	34,792	29,700
Travel and meetings	22,515	19,531
Communication materials	2,613	4,421
Office rental	12,102	8,240
Office infrastructure costs	20,121	27,544
Depreciation	287	-
Other	529	904
	95,659	93,040
Country Coordination Mechanism funding	5,209	4,105
Board constituency funding	697	628
	101,565	97,773

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

	2011	2010
Contributions in kind		
Other professional services	445	949
Travel and meetings	3	-
Communication materials	460	620
	908	1,569

3.10 Personnel

At 31 December 2011 there were 612 personnel employed by the Global Fund (2010: 604). Of these, 466 were employed under ongoing contracts (2010: 494). All other personnel were employed under contracts of defined duration which range between three months and two years. During the year the Global Fund avoided additional employment costs of USD 10.4 million when measured in USD due to the hedging mechanism as defined in note 2.22. This has been included in the employment costs in the statement of income.

3.11 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 the 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 USD 4 million in 2011 (2010: USD 3.6 million) which includes USD 0.5 million of contributions for pension funds and related insurance benefits (2010: USD 0.4 million).

The Global Fund does not remunerate its Board. All transactions with the Board are made at terms equivalent to an arm's length transaction within the operational framework of the Secretariat.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

3. DETAILS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In thousands of USD unless otherwise stipulated

3.12 Employee benefit liability

The Provident Fund 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). 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.

Change in benefit obligation	2011	2010
Benefit obligation at beginning of year	33,606	20,956
Current service cost	21,595	20,175
Past service cost	10,198	-
Interest cost	1,348	1,153
Unrecognized actuarial gain	(1,674)	(3,573)
Divestitures/transfers	56	401
Benefits paid from plan/company	(3,721)	(3,435)
Premiums paid	(1,074)	(1,128)
Expenses paid	(721)	(943)
Benefit obligation at end of year	59,613	33,606

Amounts recognized in the statement of financial position	2011	2010
Present value of unfunded obligations	59,613	33,606
Unrecognized net actuarial gain	6,905	5,652
Net liability	66,518	39,258

Components of pension cost	2011	2010
Amounts recognized in the statement of income		
Current service cost	21,595	20,175
Interest cost	1,348	1,153
Amortization unrecognized gain	(426)	-
Total pension cost recognized in the statement of income	22,517	21,328

Principal actuarial assumptions	2011	2010
Weighted-average assumptions to determine benefit obligations		
Discount rate	2.50%	2.60%
Rate of compensation increase	1.50%	1.50%

Weighted-average assumptions to determine net cost	2011	2010
Discount rate	2.60%	3.00%
Rate of compensation increase	1.50%	2.30%

The Global Fund to Fight AIDS, Tuberculosis and Malaria

3. DETAILS RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In thousands of USD unless otherwise stipulated

History of experience gains and losses

	2011	2010
Experience gain on plan liabilities		
a. Amount	(414)	(3,357)
b. Percentage of present value of plan liabilities	(1%)	(8%)

Other required disclosure amounts

Contributions expected to be paid to the plan during the annual period beginning after the reporting period	7,689	6,070
---	-------	-------

3.13 Taxation

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

3.14 Lease commitments

At 31 December 2011, the Global Fund has the following outstanding operating lease commitments:

Year	2011	2010
2011	-	9,756
2012	11,462	9,756
2013	1,953	1,207
2014	1,089	429
2015	766	107
	15,270	21,255

During 2011, the Global Fund incurred the following lease expenses:

	2011	2010
Office Space	12,102	8,240

The Global Fund to Fight AIDS, Tuberculosis and Malaria

4. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

In thousands of USD unless otherwise stipulated

4.1 Global Fund

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, including interest rates and foreign exchange 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 EUR 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, Trust Fund, 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.

4.2 Trust Fund

The 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 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, including foreign exchange currency rates and 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 unfavorable movements in interest rate and credit spreads. 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. These inter-relationships are determined by observing interest rate and credit spreads over a five-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 percent confidence level at 31 December 2011 is estimated to be USD 44 million (2010: USD 83 million). The computation does not purport to represent actual losses in fair value of the Trust Fund's share in the Pool. The Trustee cannot

The Global Fund to Fight AIDS, Tuberculosis and Malaria

4. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

In thousands of USD unless otherwise stipulated

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 foreign exchange rates when there is a mismatch between assets and liabilities denominated in any one currency. The Trust Fund's currency risk arises from contributions receivable, promissory notes, commitments for grants and the portion of share of cash and investments in the Pool when they are denominated in currencies other than in USD. In accordance with the agreement and/or the instructions from the Global Fund, the Trustee maintains the Trust Fund's share of cash and investments in the Pool in USD and EUR. Promissory notes are held in EUR and GBP, and the majority of contributions receivable are denominated in EUR and GBP. Cash contributions received are converted into USD on receipt, except when the Global Fund instructs the Trustee to hold selected cash contributions received in EUR. Commitments for administrative budgets, trustee fee and the majority of the grants are denominated in USD. Commitments for grants that are denominated in EUR are sufficiently covered by the portion of the share of cash and investments in the Pool maintained in EUR.

The following table details the sensitivity of the statement of income to a strengthening or weakening of the major currencies in which the Trust Fund holds financial assets and liabilities. 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.

<u>Currency</u>	<u>2011</u>		<u>2010</u>	
	<u>Change %</u>	<u>Amount USD million</u>	<u>Change %</u>	<u>Amount USD million</u>
EUR	4%	(+/-) 40	3%	(+/-) 20
GBP	5%	(+/-) 22	16%	(+/-) 44

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 2011 is equivalent to the gross value of the assets amounting to USD 7.4 billion (2010: USD 6.2 billion) before deducting the allowance for doubtful receivable. The Trustee does not hold any collateral or credit enhancements except for repurchase agreements and resale agreements with counterparties.

The Trustee identifies concentrations of credit risk based mainly on the extent to which the cash and investments in the Pool 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.

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 investments to those with minimum credit ratings in the U.S. markets or equivalent as follows:

- Time deposits and money-market securities: 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+.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

4. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

In thousands of USD unless otherwise stipulated

The following tables present investment holdings in the sub-portfolio in terms of the counterparty credit risk exposure and investment categories as of 31 December 2011 and 31 December 2010.

Counterparty credit ratings	2011	2010
AA- or greater	81%	86%
A- or greater	100%	100%
Types of financial instruments	2011	2010
Government and agency obligations	44%	47%
Time deposits and money market securities	41%	36%
Asset-backed securities	15%	17%
Total	100%	100%

In addition, the Trust Fund is subject to credit risk by contributing donors. Promissory notes receivable and contributions receivable result from mutually signed contribution agreements. The Trustee assesses the un-collectability of receivables.

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.

4.3 Fair value hierarchy

The following tables present the Pool's fair value hierarchy for financial instruments measured at fair value on a recurring basis as of 31 December 2011 and 31 December 2010. Payables and receivables associated with the investment activities and cash are not included in the fair value hierarchy tables and their carrying amounts approximate their fair values. The Trust Fund's share of the Pool's financial instruments may comprise varying proportions among the three levels.

In millions of USD

	Fair value measurements on a recurring basis as of 31 December 2011			
	Level 1	Level 2	Level 3	Total
Government and agency obligations	5,268	8,318	-	13,586
Time deposits and money-market securities	849	7,374	-	8,223
Asset-backed securities	-	3,610	1	3,611
Securities purchased under resale agreements and securities sold under repurchase agreements	-	(4)	-	(4)
Derivatives, net	-	161	-	161
Total of financial instruments in the Pool at fair value	6,117	19,459	1	25,577

The Global Fund to Fight AIDS, Tuberculosis and Malaria

4. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

In thousands of USD unless otherwise stipulated

Fair value measurements on a recurring basis as of 31 December 2010				
	Level 1	Level 2	Level 3	Total
Government and agency obligations	4,271	7,706	-	11,977
Time deposits and money-market securities	525	9,245	-	9,770
Asset-backed securities ¹		3,035	8	3,043
Securities purchased under resale agreements and securities sold under repurchase agreements	(115)	(52)	-	(167)
Derivatives, net ¹	-	(128)	-	(128)
Total of financial instruments in the Pool at fair value	4,681	19,806	8	24,495

¹Certain changes to the presentation of the prior year's information have been made to conform to the current year's presentation. Specifically, contracts to purchase or sell mortgage-backed securities TBA which were previously presented as asset-backed securities are now presented as derivatives as well as payables and receivables in the Pool. The effect of the change in presentation of mortgage-backed securities TBA was a USD 675.1 million decrease in asset-backed securities, a USD 0.2 million decrease in derivatives, net and USD 675.3 million increase in net payables for investments purchased. Therefore, the change in presentation had no impact on a fair value of the Pool for the fiscal year ended 31 December 2010.

During the fiscal years ended 31 December 2011 and 31 December 2010, neither transfers between levels nor securities in level 3 were significant. Therefore, no further disclosures on these items are included. In the Pool, the carrying values of securities pledged under repurchase agreements with other counterparties as of 31 December 2011 was USD 4 million (2010: USD 317 million). There are no significant terms and conditions associated with the use of collateral.

At 31 December 2011, the Trustee did not hold collateral (2010: USD 150 million) that it is permitted to sell or re-pledge in the absence of default. In addition, at 31 December 2011 and 31 December 2010, no securities received by the Trustee as collateral were sold or re-pledged.

Trust Fund's share of the cash and investments in the Pool

The Trust Fund's share of the cash and investments in the Pool, which was allocated to a sub-portfolio based on the specific investment horizons, risk tolerances and other eligibility requirements pursuant to the agreements, has a fair value of USD 5.4 billion as of 31 December 2011 (2010: USD 5.3 billion). The Trust Fund reports its share in the shared pool of investments as one class of financial assets.

The Trust Fund's share of the cash and investments in the Pool by funding source is as follows (in thousands of USD):

Funding source	31 December 2011	31 December 2010
Core project contributions	5,342,553	5,080,467
AMFm contributions	72,807	210,639
Total share of cash and investments in the Pool²	5,415,360	5,291,106

²The value of funds held in trust and the investment income as reported by the World Bank will differ from the value reported by the Secretariat due to year-end cut off transactions and differences in accounting policies.

The Global Fund to Fight AIDS, Tuberculosis and Malaria

4. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

In thousands of USD unless otherwise stipulated

Investment income net totaling USD 84.8 million was credited to the Trust Fund during the year ended 31 December 2011 (2010: USD 148 million) based on the Trust Fund's allocated share of the cash and investments in the Pool. The investment income, net by funding source was as follows (in thousands of USD):

<i>Funding source</i>	<i>For the year ended 31 December 2011</i>	<i>For the year ended 31 December 2010</i>
Core project contributions	81,975	144,283
AMFm contributions	2,827	3,680
Total investment income, net²	84,802	147,963

² The value of funds held in trust and the investment income as reported by the World Bank will differ from the value reported by the Secretariat due to year-end cut off transactions and differences in accounting policies.

According to the contribution agreements between the donors to AMFm and the Trustee, contributions and investment income earned on the contributions are restricted to the use of AMFm activities.

All other financial assets and financial liabilities are carried at cost, subject to impairment reserves, if any.

4.4 Maturity profile of undiscounted financial liability

	On demand	Less than 3 months	3 to 12 months	More than 12 months	Total
Year ended 31 December 2011					
Undisbursed grants	2,253,167	715,530	487,903	983,738	4,440,338
Accrued expenses	60,935	-	-	-	60,935
Accounts payable	31,682	-	-	-	31,682
	2,345,784	715,530	487,903	983,738	4,532,955
	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	1,181,047	4,475,314
Accrued expenses	62,495	-	-	-	62,495
Accounts payable	9,865	-	-	-	9,865
	1,926,859	631,013	808,755	1,181,047	4,547,674

The Global Fund to Fight AIDS, Tuberculosis and Malaria

4. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

In thousands of USD unless otherwise stipulated

4.5 Provident Fund investments

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

The Provident Fund's assets are primarily invested in two institutional funds ("the Investments") which aim at implementing the strategic asset allocation. The objectives of the investment strategy are foremost (i) to maintain adequate liquidity to meet foreseeable cash flow needs, (ii) to preserve capital and then (iii) to optimize investment returns given a pre-defined level of risk. Consequently the investments are exposed to a number of significant risk factors of the underlying investment strategy which consist of - but are not limited to - market, interest rates, currency, credit and liquidity risks. The major risk factors are listed below. The list does not purport to be a complete enumeration of the risks involved in the investments.

Market risks include:

Equity market risk: The risk that the value of exchange-traded financial instruments such as equities will fluctuate due to market, economic, political and other factors. The prices of many stocks are highly volatile and changes in market expectations can severely impact the underlying value of the investments.

Interest rate risk: The market value of fixed-income securities (government bonds, convertibles, corporate bonds, structured credit securities, etc...) will fluctuate in response to changes in interest rates. Interest rate changes can have an important impact on fixed-income securities.

Currency risk: The risk that the value of a financial instrument will fluctuate because of changes in exchange rates. Currency risks can be reduced with the use of derivative instruments such as forwards which can be used to "hedge" the currency risk. The use of forwards exposes the investments to other risks such as credit risk.

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. Credit risk can be mitigated by limiting the amount of credit exposure to any individual issuer. Changes in the creditworthiness of a company can negatively impact the price of the securities issued by that company. The portion of the investments held in securities that are rated below investment grade will be subject to a greater risk of default.

Liquidity risk: Liquidity is an indicator of how easily an investment may be converted into cash. An investment may be less liquid if it is not widely traded or if there are restrictions imposed by the exchange or the issuer. The sale of thinly traded investments may be possible only at substantial discounts which may result in losses. The sale of open-ended fund shares of the investments might not be possible if the investments experience liquidity issues.

Split of assets – Levels 1 – 3 as at 31 December 2011

Manager / Level	Sarasin		Wellington		Total	
	USD m	%	USD m	%	USD m	%
Level 1	12.3	100.0%	0.0	0.0%	12.3	20.4%
Level 2	0.0	0.0%	47.8	100.0%	47.8	79.6%
Level 3	0.0	0.0%	0.0	0.0%	0.0	0.0%
Total	12.3	100.0%	47.8	100.0%	60.1	100.0%

Split of assets – Levels 1 – 3 as at 31 December 2010

Manager / Level	Sarasin		Wellington		Total	
	USD m	%	USD m	%	USD m	%
Level 1	8.0	100.0%	0.0	0.0%	8.0	20.3%
Level 2	0.0	0.0%	31.5	100.0%	31.5	79.7%
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%

ACKNOWLEDGEMENTS

This report was written by Beatrice Bernescut, with valuable contributions from Christoph Benn, Karmen Bennett, Ian Carter, Stefan Emblad, Seth Faison, Eric Godfrey, Ilana Kirsztajn, Purnima Mishra, and Roshan Ouseph.

The geographical designations employed in this publication do not represent or imply any opinion or judgment on the part of the Global Fund to Fight AIDS, Tuberculosis and Malaria on the legal status of any country, territory, city or area, on its governmental or state authorities, or on the delimitation of its frontiers or boundaries.

The mention of specific companies or of certain manufacturers, products does not imply that they are endorsed or recommended by the Global Fund in preference to others of a similar nature that are not mentioned.

Inclusion of persons in photos should not be construed as indicating their health status.

All rights reserved. This document may be freely reviewed, quoted, reproduced or translated, in part or in full, provided the source is acknowledged.

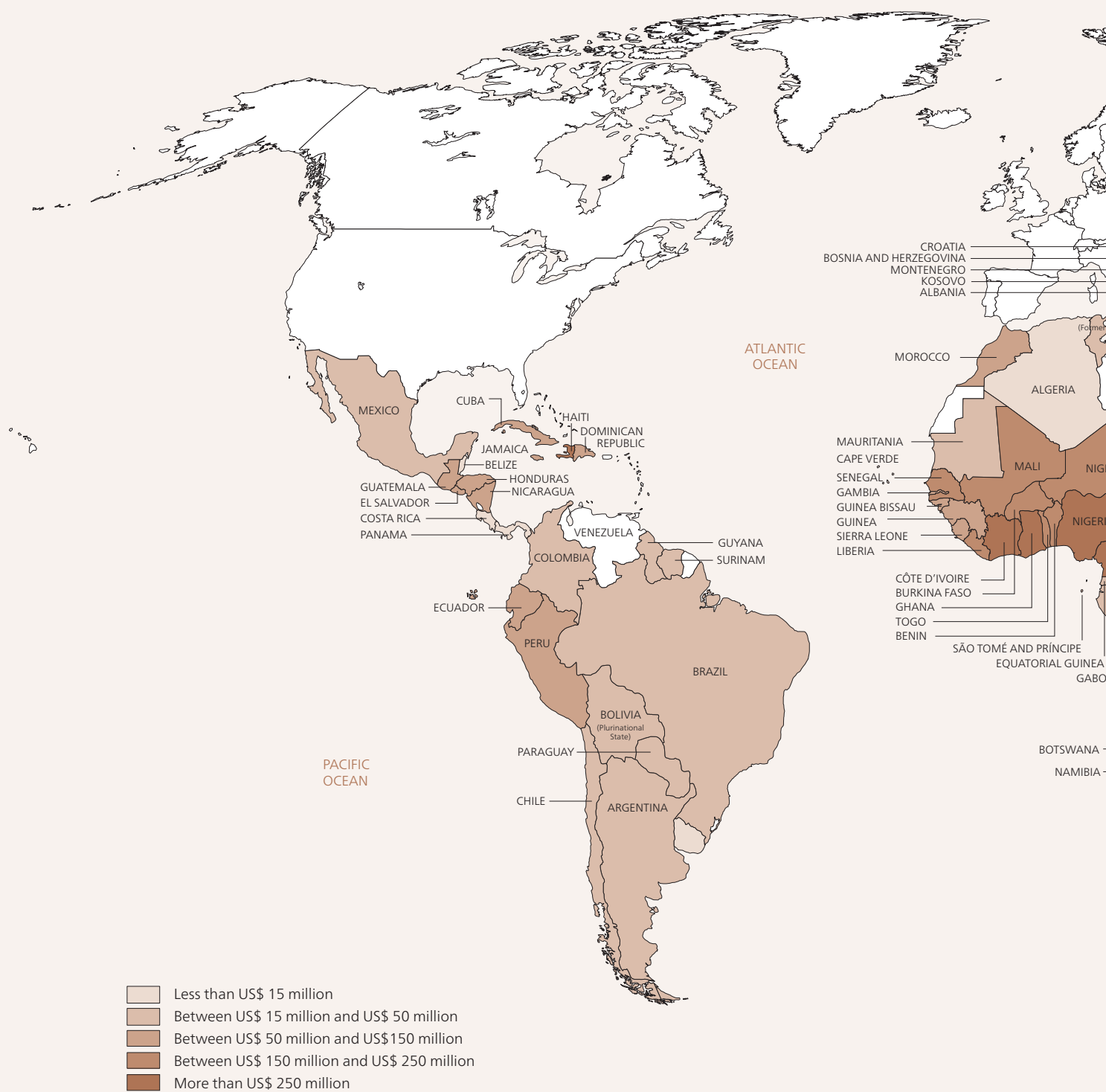
The Global Fund accepts contributions from governments, corporations, foundations and individuals. To contribute, please visit our website or contact the External Relations team at info@theglobalfund.org. For more information and updates on the status of the Global Fund, visit www.theglobalfund.org

1978-92-9224-316-6

© The Global Fund to Fight AIDS, Tuberculosis and Malaria

This report was published in May 2012. All information in this report relates to data as of 31 December 2011.

WORLD MAP OF GLOBAL FUND HEALTH INVESTMENT BY COUNTRY

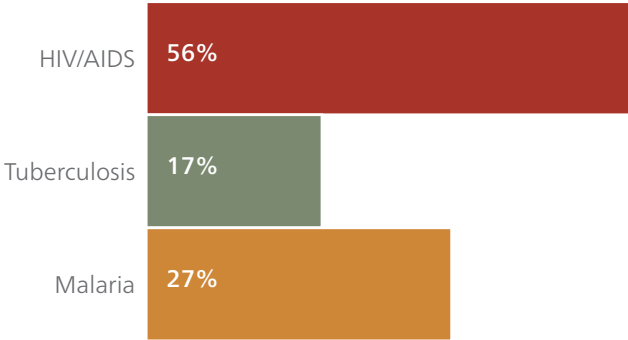




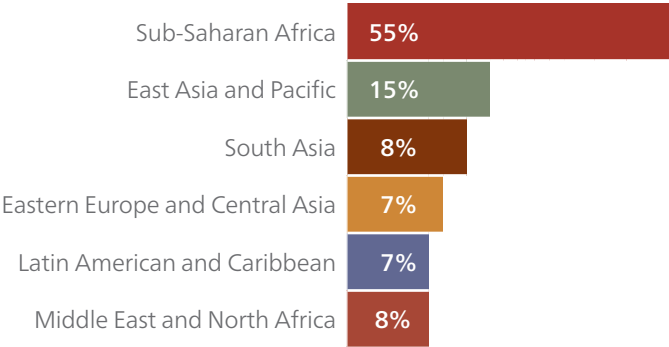
STATISTICS AT A GLANCE

Value of grant portfolio as of 31 December 2011: US\$ 22.8 billion

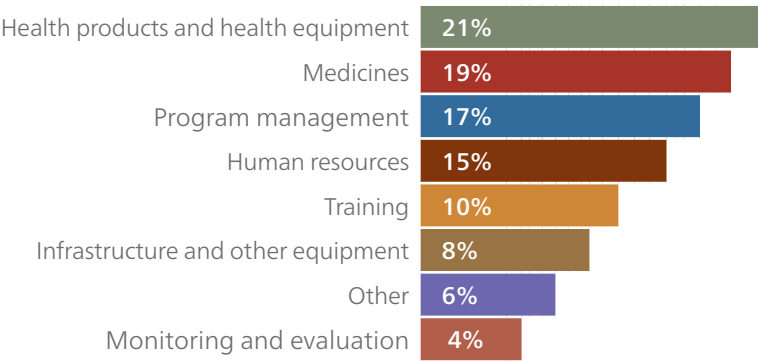
GLOBAL FUND GRANT PORTFOLIO BY DISEASE



GLOBAL FUND GRANT PORTFOLIO BY REGION



GLOBAL FUND GRANT PORTFOLIO BY TYPE OF EXPENDITURE



RESULTS FOR TOP THREE INDICATORS

	RESULTS END 2011	RESULTS END 2010
HIV: People on antiretroviral therapy	3,300,000	3,000,000
TB: Treatment under DOTS	8,600,000	7,700,000
Malaria: insecticide-treated nets distributed	230,000,000	160,000,000

**THE GLOBAL FUND TO FIGHT AIDS,
TUBERCULOSIS AND MALARIA**

Chemin de Blandonnet 8
1214 Vernier
Geneva, Switzerland

+ 41 58 791 1700 (phone)
+ 41 58 791 1701 (fax)

www.theglobalfund.org
info@theglobalfund.org

ISBN: 978-92-9224-316-6