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Financial Forecast

Meeting of the Board of the Directors
Addis Ababa, Ethiopia, 18-19 November 2013

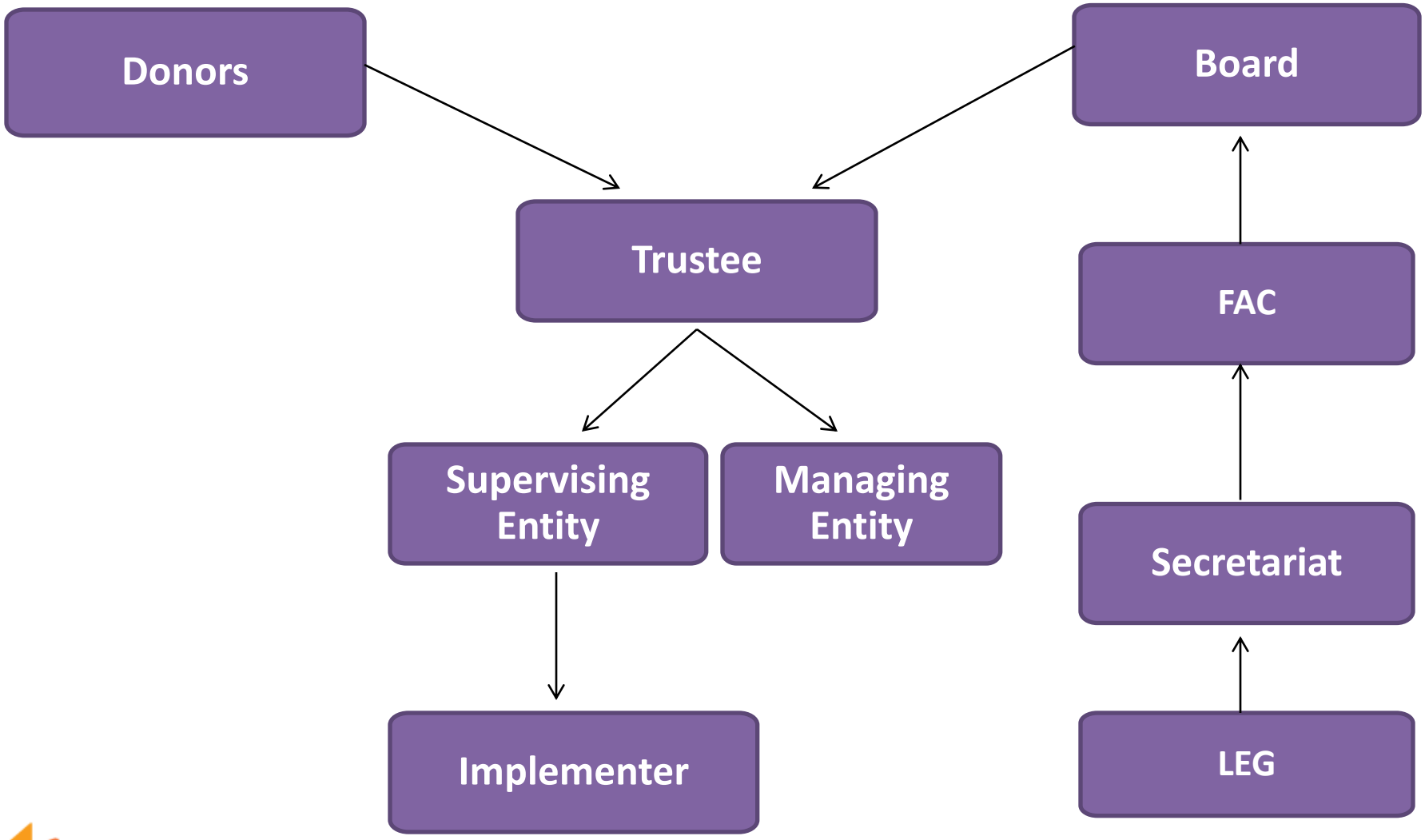
Why a Forecast?

- Forecast is used to provide information on how much funds are projected to be available to commit funding for Board approved allocations in the future.

- Forecast is a projection of future events and is therefore subject to significant change

- Forecast will be updated every 6 months

GPE Funding Cycle



Understanding the Forecast	2012	2013
Opening Balance Cash and Promissory Notes	100	110
Total Committed	80	100
Total Uncommitted	20	10
INFLOWS	50	60
OUTFLOWS	40	50
NEW COMMITMENTS	60	40
Closing Balance Cash and Promissory Notes	110	120
Total Committed	100	90
Total Uncommitted	10	30

Opening Balance consists of actual assets held with the Trustee

The assets are either committed (and will be transferred to SEs/MEs or to cover other costs) or uncommitted (and available to finance new allocations)

Understanding the Forecast

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Inflows represent projected contributions of cash or promissory notes from donors, but also include cash from investments, and refunds from grants.

Outflows represent projected cash transfers primarily to SEs and MEs for program implementation grants.

New commitments are based on expected Board approvals primarily of implementation grants.

Understanding the Forecast

	2012	2013
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NEW COMMITMENTS	60	40
Closing Balance Cash and Promissory Notes	110	120
Total Committed	100	90
Total Uncommitted	10	30

The Closing Balance is calculated from the Opening Balance + Inflows less Outflows
100 + 50 – 40 = 110

The committed balance is calculated by taking the opening committed funds less outflows plus new commitments
80 – 40 + 60 =100

Uncommitted balance is calculated by taking opening uncommitted balance plus inflows less new commitments
20 + 50 – 60 = 10

Financial Forecast (US$ Millions) - CONSERVATIVE	2013 *(Jul – Dec)*	2014	2015-2018
Opening Balance Cash and Promissory Notes	967	969	1,131
Total Committed	910	909	849
Total Uncommitted	57	61	281
INFLOWS	267	703	2,004
OUTFLOWS	265	541	1,808
NEW COMMITMENTS	263	482	986
Closing Balance Cash and Promissory Notes	969	1,131	1,327
Total Committed	909	849	28
Total Uncommitted	61	281	1,299

Uncommitted Balance is low in 2013 due to record demand – Increased Risk of Disruption

projected contributions revised downwards due to uncertainty in 2014 until Replenishment

Inflows in 2015-2018 will depend on the results of the replenishment and could change significantly

Financial Forecast (US$ Millions) – BEST ESTIMATE	2013 *(Jul – Dec)*	2014	2015-2018
Opening Balance Cash and Promissory Notes	967	969	1,181
Total Committed	910	909	835
Total Uncommitted	57	61	346
INFLOWS	267	753	2,377
OUTFLOWS	265	541	1,763
NEW COMMITMENTS	263	467	955
Closing Balance Cash and Promissory Notes	969	1,181	1,794
Total Committed	909	835	28
Total Uncommitted	61	346	1,766

Uncommitted Balance is low in 2013 due to record demand – Increased Risk of Disruption

projected contributions are still reduced but US$50m higher than Conservative Scenario

Inflows in 2015-2018 at a higher level but will depend on the results of the replenishment and could change significantly

Reconciliation with Previous Forecast

- **Conservative Scenario**
  - Uncommitted Assets lower by US$195 million by the end of 2014
  - Reduction in Projected Contributions of US$139 million and increase in projected grant commitments of US$56 million

- **Best Estimate Scenario**
  - Uncommitted Assets lower by US$130 million by the end of 2014
  - Reduction in Projected Contributions of US$89 million and increase in projected grant commitments of US$41 million

Short Term Forecast For Current Round

FORECAST 1 JAN 2014 – 30 JUNE 2014	USD millions
Estimated Available Assets - 1 Jan 2014 (excluding projected contributions)	234
Pledged and Signed Contributions 1 Jan 2014 – 30 Jun 2014	123
Total Projected Assets	**357**
Other Costs (Secretariat, and Trustee budgets, expected commitments for GRA, Plan and Program Development Grants, CSEF) – 1 Jan 2014 – 30 Jun 2014	(19)
Year 2 Projected Commitments for Round 1 of 2013 falling due 1 Jan 2014 – 30 Jun 2014	(12)
Total Projected Liabilities	**(31)**
Available Assets for First Grant Commitment of Round 2 2013 Applications	326
1st Commitment of Round 2 2013 proposals required by 30 June 2014 (including related Supervision and Agency Fees)	(201)
Projected Surplus/(Shortfall)	**125**

Key Messages

- Demand for funding has further accelerated while projections of contributions in 2014 have been reduced again due to uncertainty until Replenishment Conference
- Approx. US$491m – US$585m of projected approvals in 2012-2014 to be funded from 2015-2018 contributions – potentially 20% - 29% of next replenishment
- Sufficient Funds for Round 2 of 2013 - Currently not anticipating an overall shortfall in Uncommitted Assets – but risk of temporary shortfalls
- Proposing options to redesign funding model for next replenishment period to better balance predictability of funding for countries with supply of funds to GPE
- Donors Encouraged to Increase and/or Advance Timing of Contributions where possible



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