

**OPTIONS FOR MODIFICATION OF THE APPLICATION, RENEWAL AND
APPROVAL PROCESSES FOR NEW AND EXISTING INVESTMENTS**

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Given the complexity of changes to be implemented, the Secretariat will continue to further develop the processes for the implementation of both the Renewals and Round 11 recommendations.

MODIFICATIONS TO THE GRANT RENEWAL PROCESS

The revised process

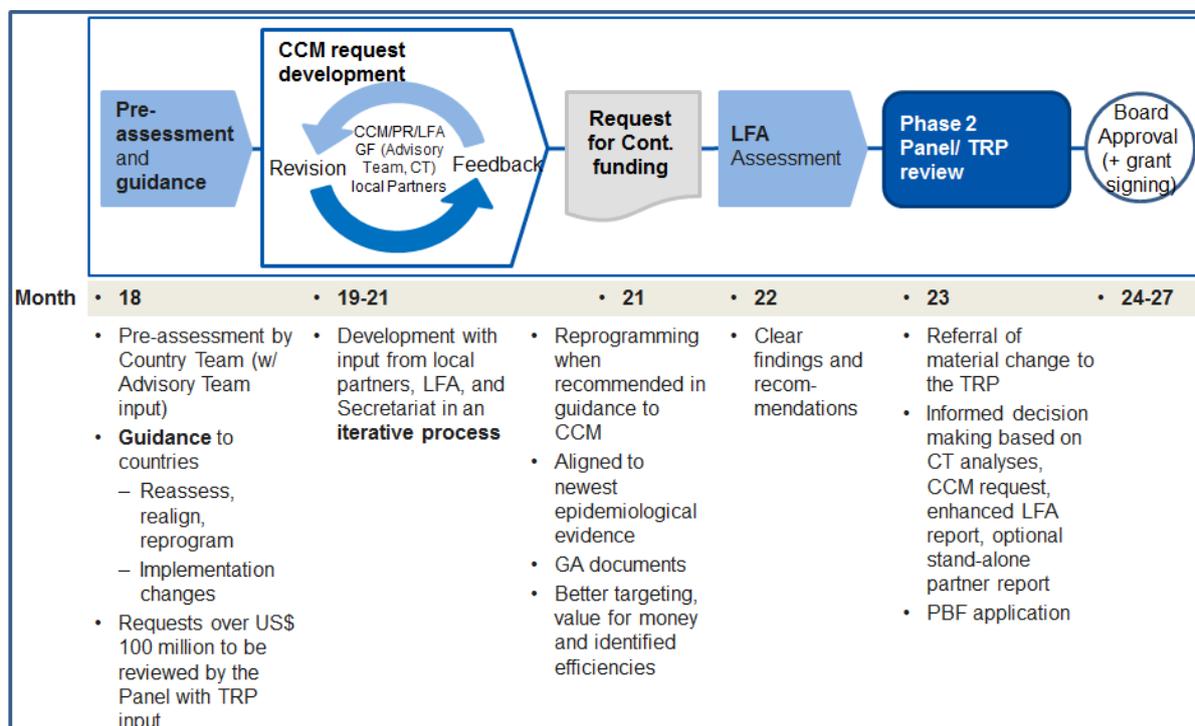
The following describes in more detail the proposed renewal process. This builds on the existing process, but incorporates new elements to substantially enhance the current status quo: **i) strong guidance up-front, ii) iterative process, and iii) a more robust review with better informed decision making.** The introduction of a Country Team Pre-Assessment meeting for Phase 2 and RCC Phase 2 reviews builds on the Periodic Review process which is the review mechanism for the new grant architecture. A more iterative process and the additional review of large requests (see below) will in return be added to the otherwise unchanged Periodic Review approach.

The following refers to Phase 2 reviews, RCC Phase 2 reviews and Periodic Reviews. The Grant Renewals Panel is the Secretariat body responsible for reviewing all these requests.

To facilitate a robust review, the Working Group believes that the composition of the review panel should be revisited to ensure appropriate technical expertise.

The timeline presented below is illustrative based on Phase 2 reviews and the timelines for Periodic Reviews and RCC Phase 2 reviews will be adjusted accordingly.

Figure 1: Overview of proposed process



Month 17/18 - Pre-assessment by Country Teams and guidance to CCMs: Country Teams conduct a pre-assessment to assess the current status of a program and identify key issues. This step builds directly on the Periodic Review methodology.

If the CCM Request includes a substantial amount for Phase 2 (anything over US\$ 100 million per grant/PR), the Grant Renewals Panel members, with input from the TRP, will be asked to review the guidance provided in the invitation letter to ensure the technical guidance is sound and independent. The invitation letter to submit a Request for Continued Funding is sent to the CCM at the end of Month 18.

Months 19 to 21: CCM request development: In this phase the CCM develops its Request for Continued Funding. Local partners and the LFA contribute to this process, and there is also interaction with the Secretariat. The specific roles and responsibilities of all stakeholders in this process will be clearly defined in preparation for implementation.

The remaining steps of the renewal process are unchanged from the current process. The LFA completes its assessment of the CCM Request, and then the Grant Renewals Panel or TRP will recommend a Request for Continued Funding to the Board. After Board approval, the grant will be prepared and signed.

Intermediate Measures applicable for the transition phase

The above proposed process will apply for grants for which invitation letters will be sent from January 2012 (or later). For all grants that have already been invited to submit a Request for Continued Funding already, the new process will not apply. Instead certain transitional processes will be applied as of January 2012. This will include the following elements:

- A **standard Country Team pre-assessment** will be conducted and submitted to the Grant Renewals Panel alongside the grant scorecard; and
- The Grant Renewals Panel will proactively send proposals over US\$ 100 million per grant/PR to the **TRP** to discern whether and how the proposal could be updated.

APPLICATION OF THE ELIGIBILITY CRITERIA TO GRANT RENEWALS

The recommendation

The Working Group recommends that certain relevant provisions of the ECFP Policy be applied to all renewals with appropriate allowance for transition.

The key eligibility and policy levers considered for the impact analyses are the following:

- Upper-Middle Income Countries (UMICs) with “moderate” or “low” disease burden are not eligible for Grant Renewal;
- Renewals of UMICs with a “high” disease burden are capped at US\$ 7.5 million per proposal for a three year implementation phase (three year portion of the overall Targeted Funding Pool ceiling of US\$ 12.5 million over five years); and
- The total UMIC allocation for the resulting renewal value for a given calendar year is capped at 10% of the total projected renewals for that calendar year.

Furthermore, the forecast assumes that the application of the Counterpart Financing and Focus of Proposal requirements for UMICs and Lower-Middle Income Countries (LMICs) will result in a reduction in funding requests at the renewal stage. For LMICs, the resulting expected reductions were reflected in the forecast as a 10-20% reduction of the initially committed renewal value.

The Secretariat will ensure appropriate technical expertise for reviewing compliance with the relevant eligibility policies.

Effective date of application of policy

All recommended changes for grant renewals will be effective as of 1 January 2012. For those affected grants where a renewal request has been initiated already, but for which the Secretariat has not yet issued a recommendation (i.e. past month 18 but before month 24),¹ the CCM will be asked to re-submit its Request for Continued Funding to reflect changes in expected funding, with a three-month extension².

Transition

As described, transition funding is proposed for affected grant renewal decisions scheduled in 2012.³ The transition provision is designed to ensure that affected countries have additional time and flexibility to plan accordingly for any diminished funding. Affected countries with renewals scheduled through the end of 2012 will be eligible to receive one year

¹ After month 24, but before month 30 (or equivalent) for SSF implementation periods and RCC Phase 1s.

² Further consideration will be given to the request process for those relevant applicants who will no longer be eligible to receive continued funding.

³ In this context, “scheduled” refers to the time at which the Secretariat is required to issue a recommendation to the Board regarding the renewal, as required under relevant Global Fund policy. Accelerations or extensions to renewals processes will not affect when a renewal is deemed “scheduled.”

of transition funding (in addition to other funding it remains eligible to receive) with a ceiling of one-third of the total reduction resulting from new policies.⁴

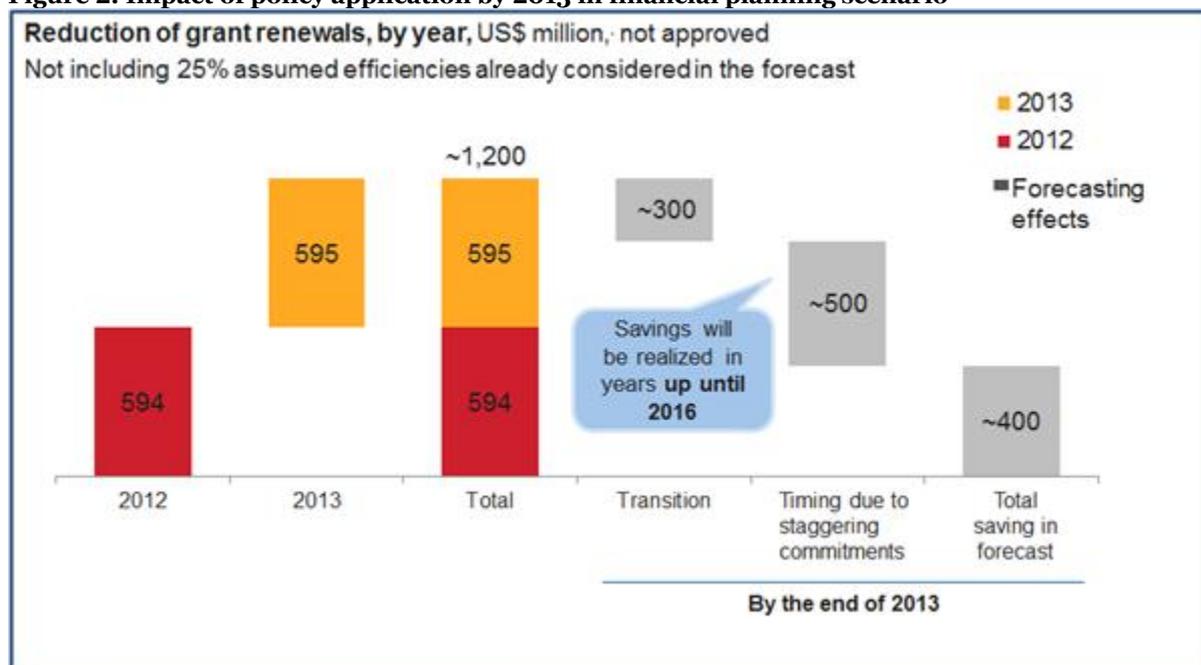
⁴ For example, a country with a US\$ 90 million renewal that becomes ineligible will be eligible for one year of transition funding of US\$ 30 million. This is a ceiling and is not a guaranteed amount (e.g. amounts may be further adjusted to reflect principles of performance-based funding).

Resource impact of policy application

The overall impact of the application of these policies to the grant renewals scheduled in 2012 and 2013 is shown in the figure below. This reflects both the projected reduction in grant renewal commitments as well as how this will translate in to the resource forecasts, once allowance is made for the transition provisions and the commitment timing of renewals subject to the provisions of the Comprehensive Funding Policy and previous Board decisions related to prior rounds.

The overall value of estimated reductions is US\$ 1.2 billion. Of this amount it is estimated that approximately US\$ 300 million will be provided by way of a transitional measure. The remainder will flow through as a reduction (allowing for an amount of US\$ 100 million already assumed as a de-commitment) in renewal commitments in the years 2012 onwards. The timing of recognition of these reductions is allied to when the original projected renewal commitments were scheduled to occur. Consequently a portion of the reduction, as shown in the figure below, occurs in the period beyond the end of 2013, resulting in an increase in resources to December 2013 of approximately US\$ 400 million.

Figure 2: Impact of policy application by 2013 in financial planning scenario



KEY ELEMENTS OF ROUND 11 MODIFICATIONS

Background:

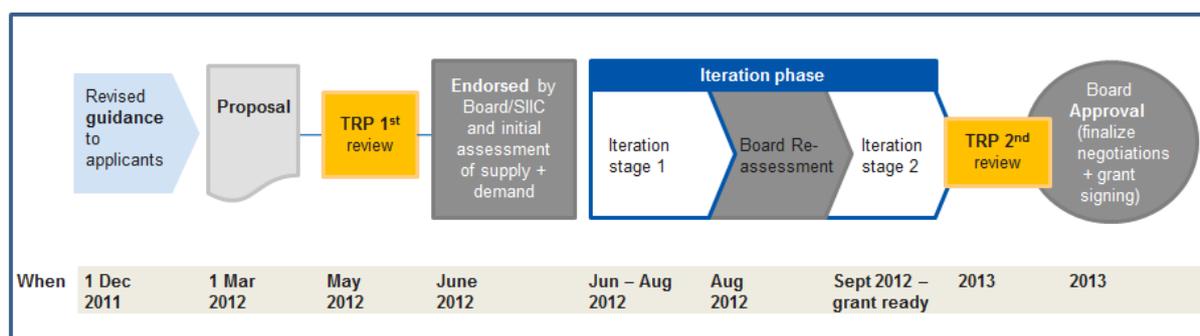
Round 11 will implement elements of a new approach to the review and approval process and serve as a learning opportunity to help inform future procedures in line with the new Global Fund Strategy and recommendations of the High Level Panel. This annex provides the overall framework and critical steps to describe the Round 11 process and associated outcomes.

Summary of changes to the current process for Round 11:

1. The TRP will make funding recommendations in two steps:
 - The TRP will first review proposals for technical merit and make preliminary recommendations;
 - Following a more iterative TRP clarification and grant negotiations process, the TRP will make final recommendations on funding to the Board;
2. The Board⁵ will decide which proposals proceed to the iterative phase, taking into consideration expected available resources. The Board will make final funding decisions at the time when grants are almost ready to be signed; and
3. The role of the Secretariat, partners and the TRP will be more proactive and dialogue-based.

These changes will be clearly communicated to applicants (CCMs and PRs) and other stakeholders involved. Given the uncertainty around Round 11 resources, further adaptations to these processes may be warranted.

Figure 3: Overview Round 11 process



1 December 2012: Stronger Up-Front Guidance to Applicants

Guidance will convey the uncertainty of resource levels as well as introduce principles of the iterative process envisioned for Round 11. It will be made clear that proposals have to target

⁵ The Board may delegate this authority to the Strategy, Investment and Impact Committee.

high priority, strategic interventions and build on existing investments. Applicants will also be requested to justify that priority needs cannot be financed through re-programming of existing funds or other sources of funds.

Importantly, guidance will indicate that it may not be possible to fund all elements of Round 11 proposals. In addition, guidance will include important information about how to plan a consolidated proposal and to define a start date with both known and possible factors, such as the time required for grant document preparation and negotiation. This will also include specific guidance for countries that have transitioned to the new grant architecture and established Single Streams of Funding for a disease or cross-cutting health system strengthening program.

1 March 2012: Round 11 Application Form and Submission Date

In recognition of proposal development efforts already underway, no changes will be made to the application form that was presented on 15 August 2011. The new closing date will be 1 March 2012 for Round 11 proposals, Second-Wave NSAs and HSFP Pilot applications.

May 2012: 1st TRP Review

The TRP will meet to review all eligible proposals for a two-week period in May 2012. Existing review criteria will be applied to form recommendations on technically sound proposals. A de-briefing will occur to discuss TRP review outcomes (of recommended proposals) with Country Teams. A de-briefing will also occur with technical partners to discuss outcomes and identify areas requiring support from technical partners during the iterative phase.

June 2012: Endorsement by Board of TRP Outcomes

After the initial TRP review, the Board will be asked to endorse the outcomes of the TRP first review. The Round 11 total recommended demand (before any conditions) will be available in June 2012. At this stage, the Board may decide to issue guidance outlining the best way to align these resource needs with the level of available funds. All proposals endorsed by the Board will be invited to iteration stage 1 (described below).

June 2012 until grant readiness (2013): Iterative Process

The purpose of an iterative process is to ensure that the applicant, partners, Secretariat and the TRP take an active role in shaping the funding recommendations to the Board and that these be based on information and well-advanced documents prepared for grant signing. For Round 11, with particular regard to resource constraints, the iterative process engages partners early on to address proposal refinements to focus Global Fund investments on the most critical and strategic interventions.

It is expected that the iterative process will improve the quality of the grants signed both in terms of value for money as well as appropriateness in a resource-constrained environment. The iterative negotiations process led by the Secretariat ensures that TRP conditions/issues raised are addressed.

In addition, the Secretariat will coordinate with the TRP for guidance on technical issues as appropriate. A consistent and standardized approach in involving the CCM, governments, disease programs, civil society and other relevant stakeholders in the negotiations stage

helps ensure sustainability of the program. Improved engagement between the Secretariat and other donors to ensure aid effectiveness, additionality and complementarity of the Global Fund funding will also inform the negotiations.

While general principles of an iterative process will apply to all Board-endorsed proposals, certain process steps may be tailored for different circumstances (e.g. level and scope of funding, risk rating of an applicant, etc.). The specific roles and responsibilities of all stakeholders in this process will be clearly defined in preparation for implementation.

For Round 11 a particular sequence of iteration steps is suggested given the current resource constraints. There will be two stages of iteration with a Board Re-assessment in between:

- ***Iteration Stage 1 (June to August 2012):*** This phase will give the TRP and CCMs a more deliberate opportunity to have a dialogue on TRP conditions and to revise a proposal (with potentially significant reductions) before the Board re-assesses the overall revised demand. Applicants will be asked to submit responses to TRP conditions, which could require significant budget revisions. The TRP will review the responses to these conditions together with comments from the Country Team before setting the upper ceiling for negotiations. In particular, the TRP will consider how existing funds could be better aligned with current realities and national funding priorities, focus on enhanced value for money and ensure new funding targets the most critical and strategic interventions.
- ***Board Reassessment (August 2012):*** The Board will be provided the revised recommended amount for Round 11 funding following the initial clarifications and conditions from the TRP. With this information, the Board will decide how best to prioritize funding for recommended Round 11 proposals. Should demand outweigh available resources, the Board may apply prioritization scores or another methodology to ensure strategic investments and that critical needs are met.
- ***Iteration Stage 2 (September 2012 to grant readiness):*** In line with the Country Team Approach, this step will commence with initial meetings to develop an action plan for the second stage of iterations and grant negotiations, clarifying timelines, expected processes and outcomes. With more proactive engagement of the Secretariat, in-country partners and key stakeholders, this process will focus on the review and negotiations of the grant documents alongside the LFA assessments. In order to ensure efficiency, deadlines for the iterative process steps will be set for all negotiation partners. In this phase, the TRP will be available for clarifications but will not be a negotiation partner as such to maintain its independence.

From 4th Quarter 2012 (rolling): 2nd TRP Review

A TRP will provide a second review to the updated proposal and near-final grant documents as a basis for making a final funding recommendation to the Board. This step will include a briefing or report from the Secretariat on the status of the negotiations and any TRP issues noted.

From 4th Quarter 2012 (rolling): Board funding decision

The Board will make funding decisions based on near-final grant documents and the funding recommendation provided by the TRP. Shortly after the Board decision, grants will be signed (by the end of 2013 at the latest).

LIST OF GRANT RENEWALS FOR PERIOD OF 2011 – 2013

Notes:

- 1) The following shows grant renewal amounts in US\$ as approved by the Board at the time of proposal and including a 10% reduction for Round 8, Round 9 and NSAs.
- 2) The Income level shown is as of July 2011 (World Bank income level classification).
- 3) The date of the renewal shown refers to the date of the planned Board approval for the renewal.
- 4) The total amount of all renewals for the period 2011-2013 is US\$ 12.1 billion. The amount to be approved is US\$ 10.8 billion which is further broken down in the table below.

Phase 2 amount Income level July 2011	Country	Year	2011	2012	2013	Grand Total
LI	Afghanistan			32,819,220.30	9,811,847.34	42,631,067.64
	Bangladesh			237,475,069.35		237,475,069.35
	Benin			102,932,848.84		102,932,848.84
	Burkina Faso			17,893,341.58	79,679,313.96	97,572,655.54
	Burundi	93,429,393.30		34,982,451.90		128,411,845.20
	Cambodia			79,401,042.00	66,439,452.00	145,840,494.00
	Central African Republic	28,108,180.00			23,136,422.23	51,244,602.23
	Chad			55,498,448.08		55,498,448.08
	Comoros			9,548,213.38		9,548,213.38
	Congo (Democratic Repub	143,137,915.37		129,324,240.66	230,664,454.00	503,126,610.03
	Eritrea			35,583,880.50	54,577,801.00	90,161,681.50
	Ethiopia			128,386,989.90	68,520,122.60	196,907,112.50
	Gambia	27,648,241.13		33,296,160.17		60,944,401.30
	Guinea			6,096,888.66	50,576,630.70	56,673,519.36
	Guinea-Bissau			19,614,338.17		19,614,338.17
	Haiti			44,991,399.00	24,304,409.10	69,295,808.10
	Kenya				365,418,243.00	365,418,243.00
	Korea (Democratic Peoples Republic)			45,882,603.44		45,882,603.44
	Kyrgyzstan	3,692,880.90		18,096,626.20	33,965,526.90	55,755,034.00
	Liberia			52,190,586.00	53,394,302.00	105,584,888.00
	Madagascar			53,348,340.60		53,348,340.60
	Malawi	201,675,765.00			53,468,427.60	255,144,192.60
	Mali			111,603,197.99	103,275,124.28	214,878,322.27
	Mozambique			17,495,345.70		17,495,345.70
	Multicountry Africa (SADC)				18,355,090.50	18,355,090.50
	Myanmar				197,051,152.00	197,051,152.00
	Nepal			13,979,955.00	65,626,227.00	79,606,182.00
	Niger				31,611,260.89	31,611,260.89
	Rwanda				29,532,196.00	29,532,196.00
	Sierra Leone			51,383,934.00	39,394,247.00	90,778,181.00
	Somalia	31,133,371.50			89,384,858.00	120,518,229.50
	Sudan South			22,808,262.60	72,131,800.00	94,940,062.60
	Tajikistan			7,169,657.00		7,169,657.00
	Tanzania (United Republic	8,853,931.90		343,374,943.40	156,186,217.20	508,415,092.50
	Togo	56,715,625.64		37,566,930.17		94,282,555.81
	Uganda	74,149,792.00			124,495,388.00	198,645,180.00
	Zanzibar			8,392,182.75	3,279,491.00	11,671,673.75
	Zimbabwe	67,981,498.00		212,683,793.40	10,409,903.00	291,075,194.40
LI Total		736,526,594.74		1,963,820,890.74	2,054,689,907.30	4,755,037,392.77

Phase 2 amount		Year			
Income level July 201	Country	2011	2012	2013	Grand Total
LI		736,526,594.74	1,963,820,890.74	2,054,689,907.30	4,755,037,392.77
Lower-LMI					
	Bolivia (Plurinational State)		19,998,048.60		19,998,048.60
	Cameroon		62,460,239.99	91,615,862.07	154,076,102.06
	Congo		31,550,088.97	20,078,592.36	51,628,681.33
	Côte d'Ivoire		69,399,389.70	99,255,628.00	168,655,017.70
	Djibouti			4,932,465.95	4,932,465.95
	Ghana	43,524,540.00		45,520,701.00	89,045,241.00
	Honduras			19,967,087.00	19,967,087.00
	India		578,577,015.29	12,005,839.51	590,582,854.80
	Iraq		8,929,525.00		8,929,525.00
	Lao (Peoples Democratic Republic)		17,607,487.00	9,631,911.00	27,239,398.00
	Lesotho	25,865,470.63	38,257,003.54		64,122,474.17
	Moldova		26,514,807.84		26,514,807.84
	Mongolia			10,431,627.00	10,431,627.00
	Multicountry Americas (REDCA+)			6,863,798.00	6,863,798.00
	Multicountry East Asia And Pacific (APN+)			647,204.00	647,204.00
	Multicountry East Asia And Pacific (ISEAN-HIVOS)			3,391,647.00	3,391,647.00
	Multicountry Middle East - North Africa (MENAHR)			5,143,206.00	5,143,206.00
	Multicountry South Asia		25,507,333.80		25,507,333.80
	Nicaragua	30,604,651.20	7,699,048.60		38,303,699.80
	Nigeria		511,376,473.48		511,376,473.48
	Pakistan		103,289,124.60	56,295,169.40	159,584,294.00
	Papua New Guinea	73,193,784.00		23,277,325.00	96,471,109.00
	Philippines	106,761,840.26			106,761,840.26
	Sao Tome and Principe	1,328,313.60		8,148,985.00	9,477,298.60
	Senegal		68,102,898.27	71,345,515.48	139,448,413.75
	Solomon Islands		3,975,444.90		3,975,444.90
	Sri Lanka		2,124,143.00	12,040,704.00	14,164,847.00
	Sudan North		32,040,036.00	161,560,827.00	193,600,863.00
	Timor-Leste			22,635,241.00	22,635,241.00
	Uzbekistan	36,841,229.10		29,978,427.84	66,819,656.94
	Viet Nam		36,240,507.90	119,121,138.00	155,361,645.90
	West Bank and Gaza Strip	1,503,991.91			1,503,991.91
	Zambia	146,873,971.80		156,364,622.00	303,238,593.80
Lower-LMI Total		466,497,792.50	1,643,648,616.47	990,253,523.62	3,100,399,932.59

Phase 2 amount		Year			
Income level July 201	Country	2011	2012	2013	Grand Total
LI		736,526,594.74	1,963,820,890.74	2,054,689,907.30	4,755,037,392.77
Lower-LMI		466,497,792.50	1,643,648,616.47	990,253,523.62	3,100,399,932.59
Upper-LMI					
	Angola			113,810,525.00	113,810,525.00
	Armenia		14,383,610.52	7,593,516.59	21,977,127.11
	Belize		1,719,459.90		1,719,459.90
	Cape Verde		6,617,943.00	607,454.61	7,225,397.61
	El Salvador		3,799,845.90		3,799,845.90
	Fiji		5,614,637.00		5,614,637.00
	Georgia		33,394,616.68	29,505,982.81	62,900,599.50
	Guatemala			116,536,699.00	116,536,699.00
	Guyana	4,911,130.80	30,280,138.60	1,604,625.00	36,795,894.40
	Indonesia	39,446,867.70	114,367,500.14	181,030,791.50	334,845,159.34
	Kosovo		3,920,047.53		3,920,047.53
	Morocco			34,706,028.00	34,706,028.00
	Paraguay		10,651,639.90		10,651,639.90
	Swaziland		6,337,403.10	27,802,033.00	34,139,436.10
	Syrian Arab Republic			1,673,553.00	1,673,553.00
	Turkmenistan		10,655,868.60		10,655,868.60
	Ukraine			271,681,193.70	271,681,193.70
Upper-LMI Total		44,357,998.50	241,742,710.88	786,552,402.21	1,072,653,111.59

UMI	Argentina			7,566,188.00	7,566,188.00
	Azerbaijan		23,607,537.99		23,607,537.99
	Belarus	18,493,354.78	5,948,952.00	9,875,343.00	34,317,649.78
	Bosnia and Herzegovina		33,655,743.19		33,655,743.19
	Brazil		25,880,798.19		25,880,798.19
	Bulgaria		8,019,791.47		8,019,791.47
	China		414,008,111.00	530,271,895.85	944,280,006.85
	Colombia		18,374,437.23	16,291,237.70	34,665,674.93
	Dominican Republic	52,745,903.00	6,189,659.00		58,935,562.00
	Ecuador		19,860,588.90	6,212,170.80	26,072,759.70
	Gabon	11,759,786.18			11,759,786.18
	Iran (Islamic Republic)		19,823,744.70	10,214,916.00	30,038,660.70
	Jordan			2,587,455.00	2,587,455.00
	Kazakhstan	25,898,697.90		10,044,307.00	35,943,004.90
	Macedonia (Former Yugoslav Republic)			13,350,010.58	13,350,010.58
	Malaysia			6,800,222.00	6,800,222.00
	Mexico		36,658,525.50		36,658,525.50
	Montenegro		3,392,483.18		3,392,483.18
	Multicountry Americas (CARICOM / PANCAP)		18,061,513.20		18,061,513.20
	Multicountry Americas (COPRECOS)			31,860,792.90	31,860,792.90
	Multicountry Americas (REDTRASEX)			8,167,305.55	8,167,305.55
	Namibia		118,185,488.67	20,469,569.00	138,655,057.67
	Panama			6,070,769.00	6,070,769.00
	Peru		13,925,866.22	7,499,998.00	21,425,864.22
	Russian Federation		6,213,736.00		6,213,736.00
	Serbia		3,688,847.10		3,688,847.10
	South Africa		32,503,805.10	269,390,363.00	301,894,168.10
	Suriname		2,010,695.40		2,010,695.40
	Tunisia		2,975,787.00		2,975,787.00
	Uruguay			5,619,042.00	5,619,042.00
UMI Total		108,897,741.86	812,986,111.04	962,291,585.38	1,884,175,438.28
Grand Total		1,356,280,127.59	4,662,198,329.12	4,793,787,418.51	10,812,265,875.23

Extract from GF/B25/9



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

ANNEXES

to GF/B25/9, Forecast of Uncommitted Assets Available for Grant Approvals

Annex 1. Forecast of Uncommitted Assets based on Current Confirmed Pledges and Projections, Risk-Adjusted, in billion US Dollars

<i>in billion US\$, rounded</i>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>sub-total</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>sub-total</u>
Uncommitted Asset Balance, beginning of period	1.30	(0.54)	(0.40)	na	(0.61)	0.10	1.92	na
Current Pledges and Projected Contributions								
Current Pledges	2.37	3.01	2.80	8.18	2.73	2.73	2.73	8.18
Projections	0.31	0.71	0.45	1.47	0.49	0.49	0.49	1.47
<i>sub-total Pledges & Projections</i>	2.68	3.72	3.25	9.65	3.22	3.22	3.22	9.65
Operating Expenses	(0.33)	(0.37)	(0.35)	(1.05)	(0.35)	(0.35)	(0.35)	(1.05)
Investment Income	0.07	0.07	0.07	0.21	0.07	0.07	0.07	0.21
Commitments (Excluding Round 10)	(2.57)	(3.12)	(2.69)	(8.38)	(1.26)	(0.30)	(0.05)	(1.61)
Bridge Funding Estimate Approved Earlier, 6-12 months	-	(0.20)	-	(0.20)				-
Continuity of Services (draft estimate), up to 2 years		(0.05)	(0.05)	(0.10)	(0.05)	(0.05)		(0.10)
Anticipated de-commitments		0.10	0.10	0.20				
Round 10 (including borrowed and regular Phase 2 amounts)	(1.68)	(0.00)	(0.55)	(2.23)	(0.92)	(0.77)	(0.08)	(1.77)
Additions(-) / Withdrawals(+) from Commitment Reserve for Grant Renewals								
Uncommitted Asset Balance, end of period	(0.54)	(0.40)	(0.61)	na	0.10	1.92	4.72	na

Annex 2. Estimated Impact on the Uncommitted Asset Balance of Additional Measure to Fund New Proposals, based on Risk-Adjusted Forecast, in billion US Dollars, cumulative over 2011-2016 (not in forecast)

in billion US\$, rounded, cumulative over 2011-2016

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Risk-Adjusted Uncommitted Asset Balance, end of period, <i>before</i> Additional Measures	(0.54)	(0.40)	(0.61)	0.10	1.92	4.72
Additional Measures, cumulative						
1 Apply current eligibility and counterpart financing policy to Phase 2 renewals from January 2012		0.23	0.42	0.74	0.83	0.92
2 Make financial commitments on grant renewals using the 1+1+1 rule, i.e., one year at a time (beyond Round 10)		0.70	0.40	-	-	-
3 Round 10 Grants not cleared for signing	0.10	0.10	0.10	0.20	0.20	0.20
4 De-commit funding from existing “stalled” grants		0.10	0.15	0.15	0.15	0.15
5 Adjust Phase 2 renewal amounts for low-impact interventions (may require TRP involvement)		0.03	0.06	0.10	0.10	0.10
6 Adjust Phase 2 renewal amounts for certain expenditure categories (e.g., salary incentives, vehicles), applying Value-for-Money principles		0.03	0.06	0.10	0.10	0.10
<i>sub-total for Additional Measures, cumulative</i>	0.10	1.19	1.19	1.29	1.38	1.47
Risk-Adjusted Uncommitted Asset Balance, end of period, <i>after</i> Additional Measures	(0.44)	0.79	0.58	1.39	3.30	6.19

Selected Additional Assumptions Applicable to Figures included in Annex 2

1. The financial impact associated with the proposed additional measures, shown at a higher end of the range, is for illustration purposes and is subject to further revisions.
2. Certain proposed additional measures may require Board-approval or endorsement before they can be implemented.
3. Following are highlights by additional measure being proposed:
 - a. Additional Measure 1:
 - Assumes that eligibility and other policies as they are intended to be applied to Round 11 applications for funding can be also applied to all upcoming grant renewals on all already approved proposals from January 1, 2012 onward. Allowance is made for a transition period, while taking account of any potential overlaps with other measures that are already included or are being considered for inclusion into the forecast. For additional information, please refer to GF/B25/8 “Options for modification of the application, renewal and approval processes for new and existing investments.”
 - b. Additional Measure 2:
 - Assumes financial commitments for Rounds 8, 9 and NSA First Learning Wave are made based on the ‘1+1+1’ rule (vs the currently assumed ‘2+1’ basis) starting with grant renewal approvals from January 1, 2012 onwards. In other words, the first commitment of two years is split in half with the second half being deferred to a year later compared to the current forecast assumptions. Round 10 Phase 2 is already assumed as ‘1+1+1’.
 - c. Additional Measure 3:
 - Certain Round 10 grants may not be signed at all due to increased financial and implementation risk. However, the Secretariat and technical partners will continue working with the relevant CCM and designated implementers in an effort to minimize the likelihood of this happening.
 - d. Additional Measure 4:
 - “Stalled” grants are existing signed grants that experience significant delays in requesting funds for disbursements and/or have a low actual budget utilization rate.
 - e. Additional Measures 5 & 6:
 - Assumes a more rigorous application of the Value-for-Money framework and more scrutiny of expenditures in high-risk areas during grant implementation.