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24th Meeting of the UNAIDS Programme Coordinating Board
Geneva, Switzerland
22-24 June 2009

2010-2011 Unified Budget and Workplan and 2008-2009 Reports

Unaudited Interim Financial Report for the year ended 31 December 2008
Financial period 2008 - 2009

Additional documents for this item: none

Action required at this meeting - the Programme Coordinating Board is invited to:
take note of the unaudited interim financial report and related financial statements for the year ended 31 December 2008.

Cost implications for decisions: none

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PART I

INTRODUCTION

1. The 2008 interim financial report of the Joint United Nations Programme on HIV/AIDS (UNAIDS) for the first year of the biennium 2008–2009 is submitted by the UNAIDS Secretariat to the UNAIDS Programme Coordinating Board, in accordance with established procedures¹ which require the Programme Coordinating Board to review the financial report of the Programme.
2. The interim financial report for the year 2008 has been prepared in accordance with United Nations System Accounting Standards (UNSAS) and WHO's Financial Regulations and Financial Rules. This financial report is not accompanied by an audit opinion as it is prepared for the first year of the biennium and is therefore not audited.
3. In 2008 UNAIDS, along with WHO, began working towards adopting the International Public Sector Accounting Standards (IPSAS) as part of a United Nations System-wide effort to implement the Standards by 2010. The move to IPSAS will serve to provide better quality financial reports which will improve accountability, transparency and governance. Therefore, the presentation of the financial statements differs from previous years as a result of full or partial adoption of a number of these Standards. All departures from UNSAS have been fully disclosed in the statement of accounting policies in accordance with paragraph 3 of UNSAS.
4. In line with the continuing process of simplification in the presentation of the financial information provided by the Programme, the present report is divided into three parts. Part I presents general information and the main highlights of the report; Part II contains the principal financial statements, schedules and the notes to the accounts; and Part III provides additional management information related to the financial year.
5. At its 20th meeting held in Geneva from 25-27 June 2007, the Programme Coordinating Board endorsed the strategies and approaches contained in the 2008–2009 Unified Budget and Workplan. It approved the total budget of US\$ 468.8 million and distribution of these resources as follows: US\$ 134.7 million to be shared among the 10 Cosponsors; US\$ 182.4 million for the Secretariat; US\$ 146.7 million for interagency activities; and US\$ 5.0 million as a contingency fund linked to the Unified Budget and Workplan. Furthermore, at its 22nd meeting held in Chiang Mai, Thailand from 23–25 April 2008, the Programme Coordinating Board endorsed the Executive Director's proposal for the utilization of part of the available fund balance in the amount of US\$ 16.0 million (US\$ 10.5 million for the Secretariat and US\$ 5.5 million for Interagency activities) to cover priorities and investments that were not included in the 2008-2009 Unified Budget and Workplan, bringing the total of the 2008–2009 Unified Budget and Workplan managed by the UNAIDS Secretariat to US\$ 484.8 million – an increase of 19.2 per cent from US\$ 406.7 million in 2006-2007.
6. The 2008-2009 Unified Budget and Workplan is based on the *2007-2010 Strategic Framework*, which outlines the following five strategic directions for the Joint Programme:
 - Guiding the global agenda, increasing involvement and monitoring progress;
 - Technical support and capacity building to “make the money work” for universal access;
 - Human rights, gender and reduced vulnerability of most at-risk populations;
 - Re-emphasizing HIV prevention alongside treatment, care and support; and
 - Strengthening harmonization and alignment to national priorities.
7. The Unified Budget and Workplan includes a breakdown of the expected results and resource needs of each Cosponsor, the Secretariat and Interagency activities. The activities of each relate to one or more of the UNAIDS seven principal outcomes². These principal outcomes reflect overarching priorities in the global effort to move towards universal access to HIV prevention,

¹ Function 5 (vi) of Programme Coordinating Board modus operandi

² The 2008-2009 Unified Budget and Workplan has adopted the nomenclature of the Development Cooperation Directorate of the Organisation for Economic Cooperation and Development, basing the structure of the Unified Budget and Workplan on Outcomes and Outputs.

treatment, care and support. The 2008–2009 Unified Budget and Workplan articulates broad activities by each Cosponsor and the Secretariat, as well as joint interagency activities that will support achievement of individual principal outcomes and key outputs. The Unified Budget and Workplan also includes agreed principles and processes that further harmonize the work of Cosponsors and the Secretariat.

8. The total operating revenue for 2008 was US\$ 284.7 million, out of which US\$ 249.6 million was made available for the core resources of the Unified Budget and Workplan for 2008-2009. The total operating expenses for the same year amounted to US\$ 244.7 million, of which US\$ 210.0 million related to expense against the Unified Budget and Workplan for 2008-2009 and the remaining US\$ 34.7 million related to expense against the Non-Unified Budget and Workplan funds. Taking into consideration financial revenue of US\$ 6.2 million for 2008 (primarily interest earnings), the overall “surplus” (revenue less expenses) carried forward to 2009 was US\$ 46.2 million of which US\$ 44.0 million is for the Unified Budget and Workplan for 2008-2009.
9. Despite a financial implementation rate of over 95 per cent each biennium since its establishment, under the Unified Budget and Workplan, the Joint Programme has consistently ended each financial period with a positive and growing fund balance, commensurate with the increase in the budget of the Programme and mobilization of resources for the Unified Budget and Workplan. On 31 December 2008, this accumulated fund balance amounted to US\$ 242.2 million³.
10. It should be noted that without a significant fund balance every biennium, the Joint Programme would not be able to operate without interruption. This fund balance enabled the Secretariat to earmark US\$ 134.7 million of the 2008-2009 fund balance to be transferred to Cosponsors (US\$ 99.2 million at the beginning of 2008 and US\$ 35.5 million at the beginning of 2009) in order to ensure continuity and smooth implementation of their activities. This represents 100 per cent of the Cosponsors’ share under the 2008-2009 Unified Budget and Workplan.
11. The remainder of the fund balance enabled the Joint Programme to earmark funds for activities and staff costs falling under the Secretariat and Interagency components of the Unified Budget and Workplan for 2008-2009 in a timely manner, again ensuring continuity and smooth implementation of Unified Budget and Workplan activities.

³ The fund balance under the UBW as at 31 December 2008 of US\$ 242.2 million is made up of US\$ 232.9 million accumulated surplus, plus US\$ 9.0 million on prior period adjustments plus US\$ 0.3 million transfers between funds.

PART II

FINANCIAL STATEMENTS, SCHEDULES AND NOTES TO THE ACCOUNTS FOR THE YEAR 1 JANUARY 2008 TO 31 DECEMBER 2008 (UNAUDITED)

This section of the financial report presents the overall financial position of UNAIDS as of and for the year ended 31 December 2008. The relevant financial statements, accompanying notes and supporting schedules have been prepared in compliance with the requirements of the WHO Financial Regulations, Financial Rules and the United Nations System Accounting Standards (UNSAS). The schedules provide background details and explanations in support of individual funds and accounts administered by UNAIDS, through the WHO financial systems, for the year ended 31 December 2008.

Statement I

Statement of financial performance

All sources of funds for the year ended 31 December 2008

(in thousands of US dollars)

	Notes	2008	2007
Operating revenue			
<i>Voluntary contributions</i>	3.2		
Governments		274 682	261 671
Cosponsoring organizations		5 618	4 636
Other operating revenue		4 440	5 335
Total operating revenue		284 740	271 642
Operating expenses			
	2.8		
Contractual services		105 448	97 945
Staff costs		83 566	68 703
General operating expenses		28 747	38 374
Direct financial cooperation		11 669	15 491
Travel		11 365	12 611
Equipment, vehicles and furniture		1 977	5 614
Telecommunications		698	417
Training		516	533
Consulting, research services		425	320
Medical supplies and literature		279	62
Total operating expenses		244 690	240 070
Surplus for the period		40 050	31 572
Financial revenue and expense, net	3.3	6 176	12 434
Total surplus for the year		46 226	44 006

The accompanying notes form an integral part of the financial statements

Statement II
Statement of financial position
All sources of funds as of 31 December 2008
(in thousands of US dollars)

	Notes	2008	2007
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	4.1	274 673	336 209
Accounts receivable	4.2	66 755	13 366
Advances to UNDP	4.4	18 903	6 140
Other receivables	4.2	873	-
Prepayments	4.3	32 649	-
		393 853	355 715
<i>Non-current assets</i>			
Building	4.7	25 613	23 660
TOTAL ASSETS		419 466	379 375
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable	4.6	26 229	36 827
Other current liabilities	4.6	1 716	-
		27 945	36 827
<i>Non-current liabilities</i>			
Long-term borrowings	4.7	23 660	25 613
Accrued staff benefits	4.8	3 367	9 434
		27 027	35 047
TOTAL LIABILITIES		54 972	71 874
NET ASSETS/EQUITY			
Net assets/reserves			
Operating reserve fund	2.18	35 000	35 000
Equity in capital assets	5.1	1 953	-
Unrealized losses on revaluation	5.2	(1 772)	-
Prior period adjustment	5.3	10 903	-
Refunds to donors		(317)	-
Accumulated surpluses			
	4.14		
Non-restricted		232 885	188 929
Restricted		85 842	83 572
TOTAL NET ASSETS/EQUITY	Statement III	364 494	307 501
TOTAL LIABILITIES AND NET ASSETS/EQUITY		419 466	379 375

The accompanying notes form an integral part of the financial statements

Statement III

Statement of changes in net assets/equity

All sources of funds as of 31 December 2008

(in thousands of US dollars)

	Notes	1 January 2008	Movements in 2008	31 December 2008
Net assets/reserves				
Operating reserve fund	2.18	35 000	-	35 000
Equity in capital assets	5.1	-	1 953	1 953
Unrealized losses on revaluation	5.2	-	(1 772)	(1 772)
Prior period adjustment	5.3	-	10 903	10 903
Refund to donors		-	(317)	(317)
Total net assets/reserves		35 000	10 767	45 767
Accumulated surplus				
	4.14			
Unified Budget and Workplan - non-restricted		188 929	43 956	232 885
Non-Unified Budget and Workplan funds - restricted		83 572	2 270	85 842
Total accumulated surplus		272 501	46 226	318 727
Net assets/equity		307 501	56 993	364 494

The accompanying notes form an integral part of the financial statements

Statement IV

Cash flow statement

All sources of funds for the year ended 31 December 2008

(in thousands of US dollars)

	2008
Cash flows from/used in operating activities	
Surplus for the period	46 226
Increase in contributions receivables	(53 389)
Increase in other receivables	(873)
Increase in prepayments	(32 649)
Increase in advances to UNDP	(12 763)
Decrease in accounts payable	(10 598)
Increase in other liabilities	1 716
Savings on prior period's unliquidated obligations	10 903
Decrease on account of revaluation	(1 772)
Less: Interest income	(6 176)
<i>Net cash flow used in operating activities</i>	<u>(59 375)</u>
Cash flows from investing activities	
Interest income	6 176
<i>Net cash flow from financing activities</i>	<u>6 176</u>
Cash flows used in financing activities	
Refunds to donors	(317)
Decrease in long term liabilities	(6 067)
Repayment of borrowings	(1 953)
<i>Net cash flow used in financing activities</i>	<u>(8 337)</u>
Net decrease in cash and cash equivalents	<u>(61 536)</u>
Cash and cash equivalents as of 1 January	<u>336 209</u>
Cash and cash equivalents as of 31 December	<u><u>274 673</u></u>

The accompanying notes form an integral part of the financial statements

Notes to the accounts

1. Statement of objectives

The objective of the Joint United Nations Programme on HIV/AIDS (UNAIDS), as contained in the Memorandum of Understanding among Cosponsors establishing UNAIDS and in the Economic and Social Council of the United Nations (ECOSOC) resolutions 1994/24 and 1995/2, is the coordination of the United Nations system's response to the HIV epidemic.

This objective was further refined and updated as a result of the five-year evaluation carried out in 2001 and 2002, which resulted in Programme Coordinating Board decisions 2.4 and 2.5 (UNAIDS/PCB(13)/02.6), enumerating the five core cross-cutting functions of UNAIDS, as follows:

- **leadership and advocacy** for effective action on the epidemic;
- **strategic information** required to guide the efforts of partners;
- **tracking, monitoring and evaluation** of the epidemic and responses to it;
- **civil society engagement and partnership development**; and
- financial, technical and political **resource mobilization**.

At its 20th meeting held in Geneva from 25-27 June 2007, the Programme Coordinating Board endorsed the strategies and approaches contained in the 2008–2009 Unified Budget and Workplan which includes a breakdown of the expected results and resource needs of each Cosponsor, the Secretariat and Interagency activities. The activities of each relate to one or more of the UNAIDS seven principal outcomes⁴. These principal outcomes reflect overarching priorities in the global effort to move towards universal access to HIV prevention, treatment, care and support.

2. Statement of accounting policies

2.1 *Basis of preparation*

The accounts of UNAIDS are maintained in accordance with the Financial Regulations and Financial Rules of WHO, which provides administration in support of UNAIDS as per resolution 1994/24 of the ECOSOC, and Article XI of the Memorandum of Understanding among Cosponsors establishing UNAIDS. The accounting policies and financial reporting practices applied by UNAIDS are therefore based upon the WHO Financial Regulations and Financial Rules. Where the Financial Regulations and Financial Rules of WHO do not provide explicit provisions, the requirements of the United Nations System Accounting Standards (UNSAS) apply. The unaudited financial statements, accompanying notes and schedules are in accordance with UNSAS and prepared in the formats stated therein. In 2008 WHO and UNAIDS began adopting International Public Sector Accounting Standards (IPSAS) as part a United Nations System-wide effort to implement the standards by 2010. As a result, there have been substantial changes to the presentation and content of the 2008 Financial Statements. The departures from UNSAS are further explained in this section.

These financial statements have been prepared on the going concern basis, conforming to the historical cost convention using the accrual method of accounting.

⁴ The 2008-2009 Unified Budget and Workplan has adopted the nomenclature of the Development Cooperation Directorate of the Organisation for Economic Cooperation and Development, basing the structure of the Unified Budget and Workplan on outcomes and outputs.

Listed below are all of the current IPSAS standards and their application in the 2008 Financial Statements:

Applied or not applicable:

- IPSAS 1 – Presentation of Financial Statements
- IPSAS 2 – Cash Flow Statements
- IPSAS 10 – Financial Reporting in Hyperinflationary Economies
- IPSAS 11 – Constructions Contracts
- IPSAS 14 – Events After the Reporting Date
- IPSAS 16 – Investment Property
- IPSAS 22 – Disclosure of Information About the General Government Sector
- IPSAS 23 – Revenue from Non-Exchange Transactions (Taxes and Transfers)
- IPSAS 24 – Presentation of Budget Information in Financial Statements

Not applied:

- IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors
- IPSAS 4 – The Effects of Changes in Foreign Exchange Rates
- IPSAS 5 – Borrowing Costs
- IPSAS 6 – Consolidated and Separate Financial Statements
- IPSAS 7 – Investments in Associates
- IPSAS 8 – Interests in Joint Ventures
- IPSAS 9 – Revenue from Exchange Transactions
- IPSAS 12 – Inventories
- IPSAS 13 – Leases
- IPSAS 15 – Financial Instruments: Disclosure and Presentation
- IPSAS 17 – Property, Plant and Equipment
- IPSAS 18 – Segment Reporting
- IPSAS 19 – Provisions, Contingent Liabilities and Contingent Assets
- IPSAS 20 – Related Party Disclosures
- IPSAS 21 – Impairment of Non-Cash Generating Assets
- IPSAS 25 – Employee Benefits
- IPSAS 26 – Impairment of Cash Generating Assets

The following specific accounting policies that materially affect the measurement of financial performance and the financial position are applied.

2.2 *Presentation of financial statements*

The financial statements, notes and schedules are presented in US dollars. Due to the adoption of IPSAS 1, this is the first year UNAIDS is presenting a Statement of financial position (Statement II), a Statement of changes in net assets/equity (Statement III) and a Cash flow statement (Statement IV.) Furthermore, as this is the first year of adoption, as allowed by IPSAS 1, comparative figures are not presented for Statement IV. All assets and liabilities, including accounts receivable and payable, were historically maintained globally within WHO's books of accounts. WHO performed the exercise to extract the beginning balances of the UNAIDS accounts to facilitate the adoption of the Standard.

2.3 *Currency translation*

Translation into US dollars of transactions expressed in other currencies is effected at the prevailing United Nations operational rate of exchange, as applicable at the date of the transaction.

Assets and liabilities that are denominated in foreign currencies are translated at the rates of exchange prevailing on the first day of the month for reporting purposes. Realized gains and losses resulting from the settlement and revaluation of foreign currency transactions are

recognized in the statement of financial performance. Unrealized gains and losses from the revaluation of the balance sheet are reflected in the equity section.

2.4 Accounting for exchange differential

Exchange rate gains and losses on the purchase and sale of currencies, revaluation of cash book balances, and all other exchange differences are adjusted against the corresponding funds and accounts.

2.5 Voluntary contributions

UNAIDS activities are fully funded through voluntary contributions. Voluntary contributions are recorded on an accrual basis. Formal funding agreements signed by both parties are required in order to recognize an asset before the receipt of cash. When the funding for a given year is payable upfront, revenue equal to the funding set out in the agreement is recognized when the agreement is signed.

Contributions of goods or services in-kind received by UNAIDS are recorded in the period the contribution was received. In-kind contributions are treated both as revenue and expense in the UNAIDS Trust Fund for Non-Unified Budget and Workplan activities where they are recorded at the best estimate of fair value.

2.6 Interest income

UNAIDS funds are invested by WHO. Interest income is recorded on an accrual basis. Interest earned on funds in accounts invested on a pooled basis is apportioned in proportion to the accounts' capital. Earnings on investments made for specific funds are credited to the funds concerned. Interest is adjusted by the exchange differential arising from currency and revaluation operations.

Interest earned and apportioned during the financial period to specific WHO/UNAIDS accounts is retained for use within those accounts and funds.

2.7 Tax equalization fund

UNAIDS staff who are nationals of Member States that levy income tax on emoluments received from the organization are included in the WHO Tax Equalization Fund.

2.8 Expense recognition (expenditure)

Expense recognition occurs at the time of delivery of goods or services. The implementation of an Enterprise Resource Planning (ERP) system (Oracle) effective 1 July 2008 has enabled UNAIDS to better manage expenditures in accordance with this principle through systematic reporting of delivery dates. It should be noted that prior to the implementation of the ERP in July 2008, the legacy accounting systems used by the Programme recognized expenditure based on creation of an obligation. To mitigate the effect of this potential timing difference, the Programme has put in place policies requiring obligations to be created only for goods and/or services which are due to be delivered in the current period. At the end of the financial period, a full review of all outstanding obligations will be performed to recognize expenditure only for goods and/or services which have been delivered.

2.9 Programme support costs (PSC)

In 2008, UNAIDS began recognizing the full amount of support costs based on revenue recorded instead of expenditure which had been the existing practice. This policy change has resulted in a one time "catch-up" which increased the level of fees earned.

2.10 Cash and cash equivalents

Imprest account balances reflect disbursements recorded up to 30 November 2008, in order to ensure a consistent cut-off throughout WHO/UNAIDS. Disbursements that have not been accounted for in the financial year will be accounted for against the liquidation of the relevant encumbrances and bank balances in 2009.

2.11 Accounts and other receivables

Accounts and other receivables are recorded at their estimated realizable value after providing for doubtful and uncollectible debts. Based on past performance, there is no provision for collection of doubtful accounts.

2.12 Prepayments

Prepayments represent disbursements made in respect of commitments against the next financial year and will be charged as expense in that future year.

2.13 Property and equipment

Property is recorded at cost and is not depreciated. Equipment is fully expensed at cost value in the financial year in which it is acquired. An inventory of equipment is maintained and the value disclosed in these notes. In 2008, UNAIDS implemented a threshold of \$5 000 for the reporting of equipment. This threshold is applied to the acquisitions disclosed in Note 4.5.

2.14 Accounts payable

Due to the change in systems discussed in note 2.8, accounts payable represents both that part of an obligation which has not yet been paid (i.e., an outstanding liability) and liabilities for goods and/or services which have been received but not paid.

2.15 Savings on prior periods' unliquidated obligations

Unliquidated obligations relating to prior financial periods are settled during the current financial period in accordance with the Financial Regulations applicable at that period. Liquidation of unused obligations or variances on settlement are debited/credited to the relevant fund accounts. Unliquidated obligation balances at the end of 2008 are reflected under Accounts Payable in the Statement of Financial Position. Balances are given in Note 4.6.

2.16 Employee benefits

Employee benefits are recognized as expense on an accrual basis. Similarly, terminal payments to staff members, including repatriation grant, accrued annual leave, repatriation travel, removal on repatriation, and other separation payments are expensed on an accrual basis.

2.17 Eliminations

The accounts of UNAIDS incorporate programme activities under the Unified Budget and Workplan and those under the Non-Unified Budget and Workplan activities. In order to preserve fund integrity and for transparency, revenue and expense are recorded separately for each individual fund. Any transfers between funds that would result in duplication of revenue and/or expense (including PSC) are eliminated during consolidation.

2.18 Operating reserve fund

Pending receipt of core contributions, implementation of the Unified Budget and Workplan may be financed from the Operating Reserve Fund (ORF), which was established by the Programme Coordinating Board in June 1996. The rules and procedures guiding the use of the ORF by the Executive Director were decided by the Programme Coordinating Board at the sixth meeting held in Geneva in May 1998.

2.19 Financial risks

UNAIDS is exposed to certain financial risks including foreign currency exchange risk and credit risk. WHO holds UNAIDS cash and in accordance with Financial Regulation 11.1, funds not required for immediate use may be invested. All investments are carried out within the framework of investment policies approved by the WHO Director-General. These policies are regularly reviewed by the Advisory Investment Committee, which includes external investment specialists. The Committee makes regular recommendations to the Director-General. The range of investments types are:

- **Short-term fixed income in US dollars** - These are invested in cash and high quality, short dated, government, agency, and corporate bonds as defined in the approved investment policy;
- **Long-term fixed income in US dollars** - These are invested in high quality, medium and long dated, government, agency, and corporate bonds. They represent funds managed for the Staff Health Insurance Fund and the Terminal Payments Account as defined in the approved investment policy; and
- **Equity investments in US dollars** - In accordance with approved investment policy, this portfolio represents funds managed for the Staff Health Insurance Fund.

Foreign currency exchange risk - UNAIDS receives voluntary contributions and makes payments in currencies other than US dollars. It is exposed to foreign exchange currency risk arising from fluctuations in the currency exchange rates. Exchange rate gains and losses on the purchase and sale of currencies, revaluation of cash book balances, and all other exchange differences are adjusted against the corresponding funds and accounts.

Credit risk - The credit risk associated with contributions from donors and on other accounts receivables is considered above in the note on accounts receivable. UNAIDS is not subject to significant liquidity or price risk.

3. Supporting information to the Statement of financial performance

3.1 Statement overview

The Statement of financial performance consolidates revenue and expenses for all activities throughout the Programme. The statement segregates operating activities from those arising from financing operations. Further details by fund, geographic region and principle outcome are presented in Schedules 1, 2, 3, 4 and 5.

3.2 Voluntary contributions

Total voluntary contributions to the Programme totalled US\$ 284.7 million for the current year. These contributions represent revenue recognized from governments, intergovernmental organizations, institutions, other United Nations Organizations, as well as the private sector.

Voluntary contributions are accepted provided they are consistent with the policies and objectives of the Programme.

3.3 Financial revenue and expense, net

	31 December 2008 (in 000's of US \$)
Interest	6 117
Realized foreign exchange gain	<u>59</u>
Total	<u>6 176</u>

4. Supporting information to the Statement of financial position

4.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits in transit, cash in bank, other short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less. These balances are held centrally by WHO and invested on behalf of UNAIDS in accordance with WHO's rules and practices.

4.2 **Accounts and other receivables**

At 31 December 2008, US\$ 66.8 million in contribution receivables was outstanding (US\$ 13.4 million in 2007). The majority of this receivable is due to letters of credit outstanding with the Government of the United States of America.

At 31 December 2008, US\$ 0.9 million in other receivables correspond to various staff-related advances such as salary and rent.

4.3 **Prepayments**

The amount of US\$ 32.6 million in prepayments relates primarily to advances paid to the UNAIDS Cosponsors. At the beginning of 2008, UNAIDS transferred 74 per cent of Cosponsors' share under the 2008-2009 Unified Budget and Workplan. The 33.3 per cent portion of this payment that relates to 2009 activities is reflected as a prepayment in the Statement of financial position. It will be charged to expense in 2009.

4.4 **Advances to UNDP**

Under the "Working Arrangement between the United Nations Development Programme (UNDP) and the Joint United Nations Programme on HIV/AIDS (UNAIDS) covering the provision of administrative support services by UNDP" signed in April 1996 and updated in June 2008, UNDP provides administrative support services to UNAIDS in country offices. Such an arrangement requires UNAIDS to periodically advance funds to UNDP to cover payments made by UNDP on behalf of UNAIDS.

4.5 **Equipment**

At 31 December 2008, UNAIDS held equipment valued at US\$ 11.6 million (2007: US\$ 10.0 million). Activity for equipment was as follows for the year ended 31 December 2008:

	Headquarters (in 000's of US \$)	Fields and Regions (in 000's of US \$)	31 December 2008 (in 000's of US \$)	31 December 2007 (in 000's of US \$)
Beginning balance	3 895	6 106	10 001	8 265
Acquisitions	871	1 462	2 333	1 975
Disposals	24	741	765	239
Ending balance	4 742	6 827	11 569	10 001

4.6 **Accounts payable and other liabilities**

The total accounts payable for UNAIDS programme activities at 31 December 2008 was US\$ 26.2 million (detailed below). The total unliquidated obligations figure at 31 December 2007 for UNAIDS programme activities was US\$ 36.8 million. The reduction in the accounts payable balance of US\$ 10.6 million reflects the new expense recognition policy whereby encumbrances are recorded as expense when the goods and services are received.

	31 December 2008 (in 000's of US \$)	31 December 2007 (in 000's of US \$)
Accounts Payable	10 447	-
Unliquidated Obligations	15 782	36 827
Total	26 229	36 827

Other liabilities of US\$ 1.7 million at 31 December 2008 are primarily payroll-related.

4.7 **Building and long-term borrowings**

At its 12th meeting in May 2004, the Programme Coordinating Board endorsed UNAIDS' negotiation of a direct loan with the Swiss Confederation for the construction of a new building in Geneva for the UNAIDS Secretariat and WHO at an estimated cost of CHF66.0 million, of which UNAIDS' share was estimated at CHF33 million. In December 2003, the Swiss Confederation agreed to provide an interest-free loan of CHF59.8 million, of which UNAIDS' share is CHF29.9 million. The repayment over a 50-year period of UNAIDS' share of the interest-free loan provided by the Swiss Confederation is made through the reallocation of funds otherwise expended on the rental of office space with effect from the first year of the completion of the building.

The building was completed in November 2006. The amount under Buildings includes US\$ 25.6 million which represents the 50 per cent share of UNAIDS' expense incurred on the building up to 31 December 2007.

The loan repayable of US\$ 23.7 million at 31 December 2008 represents the balance of UNAIDS' share of the loan received from the Swiss Confederation.

4.8 **Accrued staff benefits**

This represents:

- (i) *Terminal payments account:* This account was established to provide for financing the terminal emoluments of staff members, including repatriation grant, accrued annual leave, repatriation travel, removal on repatriation and other separation payments. It is funded by a budgetary provision set for the 2008-2009 biennium at 2.5 per cent of all staff costs.
- (ii) *Non-payroll staff entitlements account-* This account provides for non-payroll staff entitlements. These consist of education grant, education grant travel, home leave, recruitment and assignment travel, assignment grant and transportation of personal effects. Professional staff salaries are charged at a rate of 10 per cent to fund these entitlements.

	31 December 2008 (in 000's of US \$)
Terminal payments	5 637
Non-payroll staff entitlements	(2 270)
Total	3 367

4.9 **Staff Health Insurance**

UNAIDS staff are covered by WHO's Staff Health Insurance. Revenue to the WHO Staff Health Insurance Fund consists of contributions received for both active and retired staff (of which one-third is paid by the participants and two-thirds by the organization), as well as interest earned on investments. In order to ensure the adequate funding of future claims from retired staff, a fixed percentage (currently 25 per cent) of active staff contributions is set aside each year. The remaining 75 per cent of contributions is required to meet current claims from active staff.

4.10 **Staff entitlements under IPSAS**

Under IPSAS, the amount accrued for staff entitlements for home leave, repatriation travel, education grant, and removal, repatriation and other separation payments will need to be provided for and measured at the present value of all future costs related to staff entitlements. The latest actuarial valuation of the accrued staff benefits showed a potential unfunded liability of more than US\$100 million for WHO, which includes UNAIDS staff. Similarly, WHO has an accrual for future staff health insurance costs which does not cover the full liability as calculated using the latest actuarial assumptions. WHO plans to adopt the IPSAS standard for staff entitlements in 2010. At that time, UNAIDS will be required to recognize on its Statement of financial position its share of these liabilities.

4.11 United Nations Joint Staff Pension Fund

UNAIDS participates in the United Nations Joint Staff Pension Fund (UNJSPF) through WHO, which is a member organization participating in the UNJSPF. The UNJSPF was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to staff. The pension fund is a funded defined-benefit plan. The financial obligation of the organization to the UNJSPF consists of its mandated contribution at the rate established by the United Nations General Assembly, together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. At the time of this report, the United Nations General Assembly has not invoked this provision.

4.12 Administrative waivers, amounts written off, extra-gratia payments and fraud

During the 2008 year, there were no administrative waivers or amounts written off. There was one extra-gratia payment for a total of US\$ 30 000 for the family of the UNAIDS staff member who was killed during an attack to the UN compound on 11 December 2007 in Algiers. Furthermore, no cases of fraud were reported during the 2008 year.

4.13 Contingent liabilities

At 31 December 2008, there were two claims being processed: one case relating to alleged ecological damage caused by the construction of the WHO/UNAIDS building, and one claim pending concerning a dispute in connection with leasing of premises in a building. These claims are not deemed to be of material significance. In addition, there were two outstanding personnel matters before the ILO Administrative Tribunal which are currently being contested by the Programme. The legal proceedings have not progressed sufficiently to determine the extent of any liability of the Programme with any degree of certainty.

4.14 Changes in net assets/equity

This statement is broken down into various categories, namely, non-restricted and restricted. Non-restricted equity refers to UNAIDS funds. Restricted equity refers to the fund balances which are contractually obligated to be spent on specified activities and/or geographic areas. These funds may be required to be returned to the donor if not spent within the terms, or time frame of the agreement.

5. Supporting information to the Statement of changes in net assets/equity

5.1 Equity in capital assets

Capital assets are expensed as purchased, thus reducing the respective fund balances appropriated. At the end of each financial year, expensed assets are credited to equity in capital. At the end of 2008, equity in capital assets was US\$ 2.0 million for UNAIDS' share of the Headquarters building in Geneva.

5.2 Unrealized losses on revaluation

At the end of each month, all assets and liabilities held in non-US dollar currencies are re-valued at the current month's exchange rate. The revaluation creates unrealized exchange gains and losses that form part of the net assets/equity section. All realized gains and losses on exchange are presented in the statement of financial performance under "financial revenue and expense, net".

5.3 Prior period adjustment

During the course of the 2008 period, disbursements were made against some of the prior financial periods' unliquidated obligations. A number of these obligations were reduced to reflect revised commitments or were cancelled where they no longer represented valid liabilities. Furthermore, at the end of 2008, the 2006–2007 Unified Budget and Workplan unliquidated obligations were cancelled in accordance with Financial Regulations applicable to that period. The reduction and cancellation of these unliquidated obligations generated a total amount of US\$ 10.9 million, shown against prior period adjustment.

Schedule 1

Statement of financial performance by major fund

for the year ended 31 December 2008

(in thousands of US dollars)

Notes	Unified Budget and Workplan	Non-Unified Budget and Workplan funds	Totals	
	2008-2009 (a)	2008-2009 (b)	2008-2009 (c) = (a+b)	2007
Operating revenue				
<i>Voluntary contributions</i>	3.2			
Governments	245 215	29 467	274 682	261 671
Cosponsoring organizations	4 000	1 618	5 618	4 636
Other operating revenue	354	4 086	4 440	5 335
Total operating revenue	249 569	35 171	284 740	271 642
Operating expenses				
	2.8			
Contractual services	91 282	14 166	105 448	97 945
Staff costs	76 752	6 814	83 566	68 703
General operating expenses	20 518	8 229	28 747	38 374
Direct financial cooperation	9 628	2 041	11 669	15 491
Travel	9 261	2 104	11 365	12 611
Equipment, vehicles and furniture	1 361	616	1 977	5 614
Telecommunications	649	49	698	417
Training	367	149	516	533
Consulting, research services	128	297	425	320
Medical supplies and literature	15	264	279	62
Total operating expenses	209 961	34 729	244 690	240 070
Surplus for the period	39 608	442	40 050	31 572
Financial revenue and expense, net	3.3			
			6 176	12 434
Total surplus for the year	43 956	2 270	46 226	44 006

Schedule 2

Unified Budget and Workplan - details of revenue
for the year ended 31 December 2008

(in thousands of US dollars)

Voluntary contributions	Funds received toward the 2008-2009 Unified Budget and Workplan
Governments	
Andorra	38
Australia	2 369
Belgium	4 717
Bulgaria	5
China	100
Denmark	10 097
Finland	11 682
France	1 775
Germany	2 726
Greece	1 415
Ireland	9 034
Japan	2 430
Liechtenstein	24
Luxembourg	3 933
Monaco	156
Netherlands	48 517
New Zealand	1 935
Norway	25 907
Poland	48
Portugal	301
Russia	500
Spain	5 829
Sweden	38 822
Turkey	1 000
Switzerland	4 219
United Kingdom of Great Britain and Northern Ireland	15 361
United States of America	52 275 ^{a/}
	245 215
Cosponsoring organizations	
World Bank	4 000
Other	
Miscellaneous	354
Total	249 569
Other revenue	
Interest	4 348
GRAND TOTAL	253 917

a/ Represents balance of 2007 US letter of credit of US\$ 22.3 million and US letter of credit for 2008 of US\$ 30 million not yet called forward.

Schedule 3

**Non-Unified Budget and Workplan funds - details of revenue
for the year ended 31 December 2008**
(in thousands of US dollars)

Voluntary contributions	Funds received toward Non-Unified Budget and Workplan activities 2008-2009
Governments	
Australia	5 477
Austria	617
Canada	83
Denmark	2 296
France	518
Germany	52
Greece	157
Ireland	2 690
Italy	90
Japan	263
Luxembourg	(265) ^{a/}
Netherlands	313
Norway	88 ^{b/}
Russian Federation	600
Spain	1 107
Sweden	4 423
United Kingdom of Great Britain and Northern Ireland	5 715
United States of America (USAID)	5 242
	29 468
Cosponsoring organizations	
UNHCR	223
UNICEF	79
UNDP	1 107
WHO	209
	1 618
Other	
AWARE	30
Bill and Melinda Gates Foundation	2 825
BM Creative Management LTD	10
CARICOM	50
Constella Futures	11
Ford Foundation	100
Geneva Global Inc.	27
Germany, GTZ	487
Global Fund	259
Organization of Petroleum Exporting Countries	200
UNCERF	38
UNEP	25
UNIFEM	22
Miscellaneous	3
	4 086
Total	35 172
Other revenue	
Interest	1 828
GRAND TOTAL	37 000

a/ Represents net revenue for 2008 of US\$ 3,025,718 less pass through funds of US\$ 3,290,464

b/ Represents net revenue for 2008 of US\$ 448,579 less pass through funds of US\$ 360,425

Schedule 4

Unified Budget and Workplan
Budget, expense and encumbrance summary by Principle Outcomes
for the year ended 31 December 2008
(in thousands of US dollars)

Principal Outcomes	2008-2009 Approved allocations	Expense	Encumbrance ^{a/}	Total	Balance	Percentage implementation
	(a)	(b)	(c)	(d) = (b + c)	(e) = (a - d)	(f) = (d / a)
1 Leadership and resource mobilization	214 510	97 251	9 038	106 289	108 221	50%
2 Planning, financing, technical assistance & coordination	110 911	45 715	10 833	56 548	54 363	51%
3 Strengthened evidence base and accountability	30 521	13 206	793	13 999	16 522	46%
4 Human resources and systems capacities	45 615	23 476	-	23 476	22 139	51%
5 Human rights, gender, stigma and discrimination	29 856	11 379	452	11 831	18 025	40%
6 Most at-risk populations	16 090	5 740	239	5 979	10 111	37%
7 Women & girls, young people, children and populations of humanitarian concern	32 317	13 194	359	13 553	18 764	42%
Contingency	5 000	-	-	-	5 000	-
Total	484 820	209 961	21 714	231 675	253 145	48%

^{a/} Encumbrance equals a firm commitment for goods and/or services which has not yet been delivered.

Schedule 5

Non-Unified Budget and Workplan funds
Funds available, expense and encumbrance summary by source of income
for the year ended on 31 December 2008
(in thousands of US dollars)

Source of income	2006-2007 Carry-over	Funds received in 2008 ^{a/}	Total Funds	Expense	Encumbrance ^{b/}	Total	Percentage Implementation
	(a)	(b)	(c) = (a+b)	(d)	(e)	(f) = (d + e)	(g) = (f / c)
Voluntary contributions and other income							
Andorra	11	-	11	-	-	-	-
Australia	3 148	5 948	9 096	3 169	1 369	4 538	50%
Austria	153	146	299	220	2	222	74%
Belgium	1 298	-	1 298	834	-	834	64%
Canada	85	83	168	90	2	92	55%
Denmark	784	2 296	3 080	362	-	362	12%
Finland	1 936	-	1 936	99	3	102	5%
France	1 360	518	1 878	92	-	92	5%
Germany including GTZ	867	539	1 406	757	86	843	60%
Greece	-	157	157	10	-	10	6%
Ireland	2 754	2 690	5 444	950	111	1 061	19%
Italy	10	90	100	6	-	6	6%
Japan	876	263	1 139	641	29	670	59%
Luxembourg	10 342	(265)	10 077	1 246	215	1 461	14%
Ministry of the Flemish Community, Belgium	917	-	917	533	22	555	61%
Netherlands	387	313	700	366	326	692	99%
New Zealand	224	-	224	65	129	194	86%
Norway	1 991	88	2 079	794	1	795	38%
Russian Federation	339	600	939	815	-	815	87%
Spain	1 152	1 107	2 259	1 283	10	1 293	57%
Sweden	5 961	4 423	10 384	4 614	406	5 020	48%
United Kingdom of Great Britain & Northern Ireland	6 735	5 715	12 450	7 265	1 059	8 324	67%
United States of America (CDC)	2 173	-	2 173	-	-	-	-
United States of America (NHI)	17	-	17	-	-	-	-
United States of America (USAID)	295	5 242	5 537	3 224	202	3 426	62%
AWARE	-	30	30	-	-	-	-
Bill & Melinda Gates Foundation	2 497	2 825	5 322	2 211	700	2 911	55%
BM Creative Management LTD	-	10	10	9	-	9	90%
CARICOM	66	50	116	39	-	39	34%
Commission of the European Communities	75	(30)	45	1	-	1	2%
Constella Futures	-	11	11	-	-	-	-
Ford Foundation	426	100	526	45	-	45	9%
Geneva Global Inc.	-	27	27	-	-	-	-
Global Fund	47	259	306	120	-	120	39%
International Labour Organization	15	-	15	1	-	1	7%
John Hopkins Univeristy	6	-	6	-	-	-	-
Johnson & Johnson Products Inc.	12	-	12	1	-	1	8%
Merck & Company Inc.	296	-	296	38	-	38	13%
National Agency for AIDS Research	23	-	23	13	-	13	56%
Organization of Petroleum Exporting Countries	1 064	200	1 264	121	88	209	17%
Rupert Everett	25	-	25	25	-	25	100%
Southern African Development Community	44	-	44	-	-	-	-
Stanford Univeristy	10	-	10	-	-	-	-
UNCERF	-	38	38	3	-	3	8%
UNDP	96	1 107	1 203	688	58	746	62%
UNEP	-	25	25	-	-	-	-
UNESCO	116	-	116	-	-	-	-
UNFIP	230	(230)	-	-	-	-	-
UNFPA	10	-	10	5	-	5	50%
UNHCR	13	223	236	1	-	1	-
UNICEF	26	79	105	37	7	44	42%
UNIFEM	-	22	22	-	-	-	-
United Nations	20	-	20	-	-	-	-
UNODC	15	-	15	1	-	1	7%
UNOPS	108	-	108	98	-	98	90%
WFP	15	-	15	1	-	1	7%
WHO	148	209	357	98	-	98	27%
World Bank	34	-	34	3	-	3	9%
Special PCB allocations	29 349	-	29 349	6 441	-	6 441	22%
Miscellaneous	26	3	29	1	-	1	3%
Interest and other	4 947	3 404	8 351	1 623	161	1 784	21%
Programme support costs (PSC)	-	-	-	(4 330) ^{c/}	-	(4 330)	-
Total	83 572	38 315	121 887	34 729	4 986	39 715	33%

^{a/} Includes revenue, refunds to donor and savings on prior period unliquidated obligations.

^{b/} Encumbrance equals a firm commitment for goods and/or services which has not yet been delivered.

^{c/} Please refer to note 2.17 on page 12

PART III

MANAGEMENT INFORMATION

I. Funds contributed to the 2008-2009 biennium

During the financial year under review, operating revenue of US\$ 249.6 million was made available for the core resources of the Unified Budget and Workplan for 2008-2009. Twenty seven governments contributed 98.3 per cent of this amount, and the World Bank contributed 1.6 per cent of this amount. The remaining 0.1 per cent is made up of miscellaneous income, including funds received from public institutions and private contributors other than governments, miscellaneous donations and honoraria received. In addition to this amount, financial revenue (primarily interest earnings) of US\$ 4.3 million was also received and apportioned during the reporting year bringing total revenue available to the Unified Budget and Workplan for 2008-2009 to US\$ 253.9 million. Schedule 2 on page 20 provides the details of this revenue.

Furthermore, Non-Unified Budget and Workplan resources amounting to US\$ 35.2 million were made available to UNAIDS to provide support to a number of global, regional and country activities and a number of interagency-managed activities that are not included in the Unified Budget and Workplan and do not specifically fall under any Cosponsor's mandate. In addition to this amount financial revenue (primarily interest earnings) of US\$ 1.8 million was also received and apportioned during the reporting year bringing total revenue available to the Non-Unified Budget and Workplan to US\$ 37.0 million. Details on the sources of these funds are detailed in Schedule 3 on page 21.

II. Funds expended for the year ended 31 December 2008

The total operating expense for the year ended 31 December 2008 amounted to US\$ 244.7 million, as shown in Schedule 1 (column c) on page 19. Out of this total amount, US\$ 210.0 million represents expense under the 2008-2009 Unified Budget and Workplan and the remaining amount of US\$ 34.7 million represents expense under the Non-Unified Budget and Workplan funds.

Unified Budget and Workplan expenses of US\$ 210.0 million were distributed as follows:

- (a) US\$ 67.3 million expended to Cosponsors for the implementation of their AIDS activities contained in the Unified Budget and Workplan;
- (b) US\$ 61.0 million expended for Interagency activities; and
- (c) US\$ 81.7 million expended for Secretariat activities and staff.

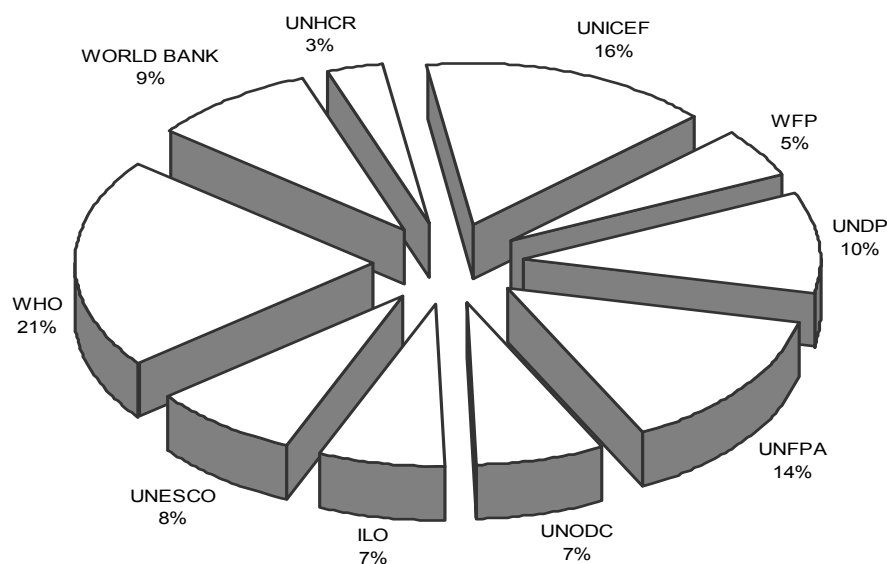
In addition to the above expended amount under the Unified Budget and Workplan, US\$ 21.7 million was encumbered during the same year which together represents a financial implementation rate of 48 percent (summarized in Schedule 4 on page 22). Encumbered amounts represent firm commitments for goods and services which have not yet been delivered.

A. Unified Budget and Workplan

i) Funds transferred to Cosponsors

As at 31 December 2008, financial transfers made to Cosponsors amounted to US\$ 99.2 million. These transfers represent 74 per cent of the Cosponsors' share under the Unified Budget and Workplan for 2008-2009. Compared to previous biennia, the portion of the Cosponsors' Unified Budget and Workplan share transferred at the beginning of the biennium has been increased to further enable the start-up and implementation of Unified Budget and Workplan activities. Information on the proportion of transfers made to individual Cosponsors versus total transfers, together with amounts transferred against each of the agreed principal outcomes, is provided in Figure 1. It should be noted, however, that only US\$ 67.3 million is reflected as expense for the year ended 2008, the remaining amount of US\$ 31.9 million which was already transferred to the Cosponsors is reflected in the Statement of financial position as prepayments.

Figure 1: Funds and proportions transferred to Cosponsors for the year ended 31 December 2008



Principal Outcomes	Approved allocations	Funds transferred	Balance	Percentage implementation
	(a)	(b)	(c)	(d) = (b / a)
1 Leadership and resource mobilization	8 100	6 025	2 075	74%
2 Planning, financing, technical assistance and coordination	25 071	18 783	6 288	75%
3 Strengthened evidence base and accountability	17 251	12 787	4 464	74%
4 Human resources and systems capacities	45 036	33 681	11 355	75%
5 Human rights, gender, stigma and discrimination	11 470	8 570	2 900	75%
6 Most at-risk populations	8 550	6 413	2 137	75%
7 Women & girls, young people, children and populations of humanitarian concern	19 192	12 893	6 299	67%
Total	134 670	99 152	35 518	74%

ii) Expense incurred against Interagency resources

The Interagency activities include joint initiatives by more than one member of the UNAIDS' Cosponsors and/or the Secretariat. These activities typically focus on cross-cutting activities that help strengthen the multi-sectoral AIDS response. During the year under review, a total amount of US\$ 61.0 million was expensed and US\$ 13.8 million was encumbered for interagency activities out of a biennium budget allocation of US\$ 152.2 million⁵ which together represents a financial implementation rate of 49 per cent. Further details on the funds expensed and encumbered under the interagency activities are shown by principal outcomes in Table 1:

Table 1: Interagency resources approved allocations, expense, and encumbrance for the year ended 31 December 2008 (in thousands of US dollars)

Principal Outcomes	Approved allocations	Expense	Encumbrance ^{a/}	Total	Balance	Percentage implementation
	(a)	(b)	(c)	(d) = (b + c)	(e) = (a - d)	(f) = (d / a)
1 Leadership and resource mobilization	81 427	37 354	4 764	42 118	39 309	52%
2 Planning, financing, technical assistance and coordination	54 931	20 831	8 898	29 729	25 202	54%
4 Human resources and systems capacities	579	500	-	500	79	86%
5 Human rights, gender, stigma and discrimination	13 718	2 116	154	2 271	11 447	17%
7 Women & girls, young people, children and populations of humanitarian concern	1 595	167	12	179	1 416	11%
Total	152 250	60 968	13 829	74 797	77 453	49%

^{a/} Encumbrance equals a firm commitment for goods and/or services which has not yet been delivered.

iii) Expense incurred against the Secretariat budget

UNAIDS Secretariat expense amounted to US\$ 81.7 million during the year ended 31 December 2008. This includes US\$ 43.6 million spent on activities and US\$ 38.1 million on staff costs. In addition to the above expensed amount a total of US\$ 7.9 million had been encumbered during the year which together represents a financial implementation rate of 46 per cent. Further details on the funds expended and encumbered by the Secretariat are shown by principal outcomes in Table 2.

⁵ The Interagency budget includes a provision of US \$ 100 million for the salaries of the Interagency country staff (UNAIDS Country Coordinators and advisers on monitoring and evaluation, partnership development and social mobilization) and operational costs for 83 UNAIDS country offices and related investment in IT field connectivity.

Table 2: Secretariat approved allocations, expense, and encumbrance for the year ended 31 December 2008 (in thousands of US dollars)

Principal Outcomes	Approved allocations	Expense	Encumbrance ^{a/}	Total	Balance	Percentage implementation
	(a)	(b)	(c)	(d) = (b + c)	(e) = (a - d)	(f) = (d / a)
1 Leadership and resource mobilization	128 482	55 847	4 274	60 121	68 361	47%
2 Planning, financing, technical assistance & coordination	27 410	12 349	1 934	14 283	13 127	52%
3 Strengthened evidence base and accountability	13 270	5 038	793	5 831	7 439	44%
5 Human rights, gender, stigma and discrimination	4 668	3 528	297	3 825	843	82%
6 Most at-risk populations	7 540	1 465	239	1 704	5 836	23%
7 Women & girls, young people, children and populations of humanitarian concern	11 530	3 431	347	3 779	7 751	33%
Total	192 900	81 659	7 884	89 543	103 357	46%

^{a/} Encumbrance equals a firm commitment for goods and/or services which has not yet been delivered.

B. Expense incurred against the Non-Unified Budget and Workplan funds

As indicated in Schedule 5, on page 23, the expense incurred under the Non-Unified Budget and Workplan resources amounted to US\$ 34.7 million during the year ended 31 December 2008. This amount includes US\$ 0.2 million expensed to cover the contracts of Junior Professional Officers for the year ended 31 December 2008.

Schedule 5 also presents: (i) an overview of the total Non-Unified Budget and Workplan resources (column c), including funds carried over from 2007 which have been made available to programme activities under this component; and (ii) the amount of funds expensed and encumbered during the year ended 31 December 2008.

C. Country and regional expense against all sources of funds

As recommended by the Programme Coordinating Board at its 22nd Meeting held in Chiang Mai, Thailand 23-25 April 2008, table 3 on pages 28 to 30, presents a breakdown of expense and encumbrances by country and region for both the Unified Budget and Workplan and Non-Unified Budget and Workplan funds. Country and regional expense amounted to US\$ 75.1 million for the year ended 31 December 2008. In addition to the above expensed amount, a total of US\$ 14.2 million was encumbered during the same year which together totalled US\$ 89.3 million for year ended 31 December 2008.

III. Fund balances

The fund balances as of 31 December 2008 are a result of a combination of the fund balances as of 31 December 2007 plus 2008 activities detailed as follows: accumulated surplus (i.e. 2008 revenue less 2008 expenses); equity in capital assets; unrealized losses on revaluation; prior period adjustments and refunds to donors. Thus, the ending fund balances as of 31 December 2008 was US\$ 242.2 million for the Unified Budget and Workplan, US\$ 87.1 million for Non-Unified Budget and Workplan funds, US\$ 35.0 million for the Operating Reserve Fund and US\$ 0.2 million of other non-programmable funds such as the equity in the UNAIDS Headquarters building and unrealized losses on revaluation.

Table 3

**Country and Regional expense and encumbrance against all sources of funds
for the year ended 31 December 2008**
(in thousands of US dollar)

Region	Countries	Expense	Encumbrance ^{a/}	Total
Asia and Pacific	Regional Support Team, Asia and Pacific	4 829	2 252	7 081
	Bangladesh	396	185	581
	Cambodia	592	113	705
	China	1 633	432	2 065
	Fiji	484	129	612
	India	1 402	247	1 649
	Indonesia	1 189	218	1 407
	Lao People's Democratic Republic	723	-	723
	Mongolia	375	-	375
	Myanmar	1 120	408	1 528
	Nepal	547	86	633
	Pakistan	586	150	736
	Papua New Guinea	443	101	544
	Philippines	356	229	584
	Sri Lanka	256	71	328
	Thailand	664	154	818
Viet Nam	1 097	105	1 201	
Total Asia and Pacific		16 690	4 878	21 569
Caribbean	Regional Support Team, Caribbean	1 996	659	2 655
	Barbados	412	66	479
	Dominican Republic	346	144	491
	Guyana	418	53	471
	Haiti	876	183	1 059
	Jamaica	597	6	603
	Trinidad and Tobago	292	15	307
Total Caribbean		4 938	1 127	6 065
East and South Africa	Regional Support Team, East and South Africa	7 788	1 116	8 903
	Angola	463	27	490
	Botswana	522	13	535
	Eritrea	281	79	360
	Ethiopia	2 061	134	2 195
	Kenya	656	130	786
	Lesotho	606	10	616
	Madagascar	542	26	568
	Malawi	721	66	787
	Mozambique	770	49	819
	Namibia	440	1	441
	Rwanda	532	21	554
	South Africa	666	41	707
	Swaziland	505	34	539
	Tanzania, United Republic of	542	32	573
	Uganda	671	202	873
	Zambia	1 040	15	1 056
Zimbabwe	771	61	832	
Total East and South Africa		19 577	2 058	21 635

^{a/} Encumbrance equals a firm commitment for goods and/or services which has not yet been delivered.

Table 3 (continued)

Region	Countries	Expense	Encumbrance ^{a/}	Total
Europe	Regional Support Team, Europe	2 848	247	3 094
	Albania	97	-	97
	Armenia	262	12	275
	Azerbaijan	94	-	94
	Belarus	109	64	173
	Bosnia and Herzegovina	-	75	75
	Bulgaria	41	55	95
	Croatia	84	1	85
	Kazakhstan	506	95	601
	Kosovo	20	55	75
	Kyrgyzstan	75	-	75
	Lithuania	75	-	75
	Macedonia, the former Yugoslav Republic of	40	38	78
	Moldova, Republic of	495	4	499
	Romania	186	26	212
	Russian Federation	1 336	137	1 473
	Serbia	38	37	75
	Montenegro	-	8	8
	Tajikistan	195	75	270
	Turkey	63	44	106
Turkministan	157	-	157	
Ukraine	755	216	970	
Uzbekistan	259	28	287	
Total Europe		7 734	1 216	8 949
Latin America	Regional Support Team, Latin America	2 187	642	2 829
	Argentina	891	217	1 108
	Brazil	480	246	726
	Chile	138	9	147
	Colombia	200	106	306
	Costa Rica	86	30	116
	El Salvador	94	-	94
	Guatemala	603	224	827
	Honduras	599	287	886
	Panama	301	107	407
	Peru	439	180	619
	Venezuela, Bolivian Republic of	189	133	321
Total Latin America		6 206	2 180	8 386
Middle East & North Africa	Regional Support Team, Middle East & North Africa	1 998	171	2 169
	Algeria	126	26	152
	Egypt	317	8	325
	Iran	187	19	205
	Libyan Arab Jamahiriya	95	-	95
	Morocco	213	70	284
	Somalia	409	8	417
	Sudan	1 296	88	1 384
	Yemen	126	6	132
	Total Middle East and North Africa		4 767	396

^{a/} Encumbrance equals a firm commitment for goods and/or services which has not yet been delivered.

Table 3 (continued)

Region	Countries	Expense	Encumbrance ^{a/}	Total
West and Central Africa	Regional Support Team, West and Central Africa	5 675	1 170	6 845
	Benin	468	21	489
	Burkina Faso	284	16	300
	Burundi	381	17	398
	Cameroon	566	29	595
	Central African Republic	598	-	598
	Chad	161	98	258
	Congo	457	61	518
	Democratic Republic of Congo	696	150	846
	Côte d'Ivoire	724	137	861
	Gabon	491	10	501
	Gambia	172	1	172
	Ghana	432	25	457
	Guinea	520	55	576
	Guinea-Bissau	75	-	75
	Liberia	-	10	10
	Mali	562	83	645
	Mauritania	323	20	344
	Niger	265	33	298
	Nigeria	1 043	166	1 209
Senegal	44	41	85	
Sierra Leone	923	114	1 037	
Togo	305	69	374	
Total West & Central Africa		15 164	2 326	17 490
Grand Total		75 076	14 181	89 257

^{a/} Encumbrance equals a firm commitment for goods and/or services which has not yet been delivered.