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22nd Meeting of the UNAIDS Programme Coordinating Board
Chiang Mai, Thailand
23–25 April 2008

Provisional agenda item 7:

Cycle of the UNAIDS Unified Budget and Workplan

Additional documents for this item: *none*

Action required at this meeting—the Programme Coordinating Board is requested to:
See decision paragraph as follows:

41. endorse the development of the next Unified Budget and Workplan (UBW) based on a review and extension of the UNAIDS 2007–2010 Strategic Framework to 2011, and confirm a 4-year planning framework and a 2-year budget cycle and for the UBW.

Cost implications for decisions: no direct financial implications, but potential savings in terms of time and effort spent on the development of the UBW.

I BACKGROUND

1. A 2-year Unified Budget and Workplan (UBW) is currently the main instrument used by UNAIDS to agree on and operationalize priorities for the UN system response to AIDS.
2. The first UBW was developed to serve the 2000–2001 biennium. It consolidated separate planning and coordination instruments, including workplans and strategies of the Secretariat and, at the time, six Cosponsors, and brought together appeals for funding into a unified plan of work that aimed at coordinating, harmonizing and streamlining UNAIDS efforts towards common objectives. The 2002–2003 UBW built on the first UBW and reflected a greater clarification of priorities and roles—in part as a consequence of the tandem process of the development of the UN System Strategic Plan for 2001–2005 and the development of institutional strategies by Cosponsors. The 2002–2003 UBW better integrated all AIDS-related activities of the Cosponsors and the Secretariat.
3. The evolution of the UBW as a key instrument for joint programming and budgeting, coordination, accountability and fund-raising continued throughout the following bienniums—2004–2005, 2006–2007 and 2008–2009. Over time, the UBW has embraced and guided an ever-growing partnership of cosponsoring organizations, introduced new features and budget categories, become more result-based and aligned with global priorities and internationally agreed development goals, including those contained in the UN Millennium Declaration and the UN Declaration of Commitment on HIV/AIDS. The UBW has become an instrument to boost implementation of harmonized agendas (Global Task Team on Improving AIDS Coordination and UNAIDS Division of Labour).
4. At its 18th meeting in June 2006, the Programme Coordinating Board (PCB) requested UNAIDS to develop a strategic framework for its assistance to countries in 2007–2010 to meet the commitments set forth in the Declaration of Commitment on HIV/AIDS and the Political Declaration on HIV/AIDS. The result was the 2007–2010 Strategic Framework for UNAIDS support to countries' efforts to move towards universal access, which was endorsed by the PCB and which formed the substantive basis for the development of the 2008–2009 UBW.
5. Responding to a request of the PCB for improving results-based management and accountability, and tracking of linkages between financial investments and programmatic results, the 2008–2009 UBW introduces a Performance Monitoring and Evaluation Framework—approved by the PCB in December 2007. The Framework incorporates the development and validation of indicators; identification of and agreement on baseline information; definition of the source of monitoring information; the scope and periodicity of reporting; assignment of responsibilities and roles; and agreement on coordination mechanisms.
6. The UBW is considered a good example of UN reform in practice. It is a unique and continuously evolving programming and budgeting platform that brings together multiple UN entities. As part of this continuous evolution, the PCB at its 20th meeting in June 2007 requested the UNAIDS Secretariat to present to the 22nd PCB the case for and implications of moving to a 4-year UBW.

II THE CASE FOR A LONGER PLANNING FRAMEWORK

7. To achieve the Millennium Development Goal of stopping and reversing the spread of AIDS, the response to the global pandemic requires a long-term approach, with sustained commitment and predictable funding to ensure the most effective AIDS response possible. The long-term approach must be based on an evidence-informed analysis of the epidemic and the response to it, effective synergistic partnerships within UNAIDS and between UNAIDS and other key stakeholders in the response, and on strengthened governance and management of UNAIDS. This approach must also promote and nurture a greater sense of ownership and commitment by all stakeholders by providing a longer-term framework for action, with greater understanding of the impact of the response.
8. The case for moving from a 2-year to a 4-year planning framework can be built on the following considerations:
 - a. longer-term planning for the response
 - b. multi-year funding commitments to support long-term planning
 - c. reduced transaction costs associated with a 2-year planning and budget cycle
 - d. greater focus on implementation and monitoring of results at country level.
- a. Longer-term planning for the response**
9. A 4-year planning horizon would enable an improved focus on objectives at the outcome and impact levels. It would promote comprehensive planning within a more feasible time frame of implementation. The current 2-year period of the UBW is felt to be short for implementing a comprehensive set of activities that are necessary for achieving ambitious objectives. A longer planning period would allow for complex mainstreamed solutions and/or innovative approaches to show results. In fact, the 4-year Strategic Framework 2007–2010 provided a substantive and longer-term vision for the AIDS response, which formed the basis of the 2008–2009 UBW.
10. A longer planning framework would promote a better balance between planning, implementation and assessment of achievements. Information on achievements, shortcomings, obstacles encountered and experience gained would inform and permit revisions within the planning period.
- b. Multi-year funding commitments to support long-term planning**
11. Consistent with a longer time frame for implementation and measurement of results, a 4-year planning cycle could also present the resources required to achieve expected results to the PCB, donors and collaborating partners of UNAIDS. This would enable donors to plan their aid budgets accordingly and present these for internal review and approval according to established procedures.
12. The 2-year UBW serves as a strategic and operational framework for the UNAIDS Secretariat and Cosponsors and the basis for the workplans of each organization. A 4-year planning cycle would provide direction over a longer time frame that would facilitate mainstreaming and implementing strategic priorities and objectives of the Joint Programme within each Cosponsor's own planning and budgeting processes.
13. Currently 7 of the 10 Cosponsors (UNICEF, WFP, UNDP, UNFPA, UNODC, UNESCO and WHO) and the Secretariat have planning cycles of four years or more. However, all the Cosponsors and the Secretariat have 2-year budget cycles—with the exception of the World Bank with a 1-year budget cycle.

14. With regard to donors, currently UNAIDS has multi-year agreements for four years or more with four major donors. A 4-year planning framework could be used to encourage all donors to make more predictable, multi-year funding commitments.

c. Reduced transaction costs associated with a 2-year planning and budget cycle

15. Before the UBW is formally approved by the PCB, there is a considerable investment of time and effort in its development by staff in 10 UN agencies, the Secretariat, and PCB members. The preparation of the UBW includes, but is not limited to, the following main steps.

- The Cosponsor Global Coordinators and Secretariat define principles, scope, structure and process for the development of the UBW.
- Focal points and working groups elaborate main areas of work and expected results, criteria for allocation of resources and performance-based monitoring.
- Regular meetings and teleconferences take place with the Cosponsors and Secretariat to discuss the development of the UBW.
- The performance monitoring framework (indicators, targets and baselines) and evaluation approaches for the UBW are prepared.
- A meeting of Cosponsors and the Secretariat to conduct a peer review of the collective actions reflected in the UBW and budget allocations is held.
- A review of the UBW by the Committee of Cosponsoring Organizations (CCO) is undertaken.
- Consultations and briefings with PCB members and observers are held.
- The document is finalized and submitted to the PCB for approval.

16. Every effort is made to reduce the time and effort for the UBW development. The development of the 2008–2009 UBW took nine months, the shortest time since the 2004–2005 UBW was developed. However, nine months against the 2-year life of the UBW remains a significant time commitment.

17. So, as described, this current planning process involving the 10 Cosponsors and the Secretariat—and that only at headquarters' level—takes considerable time, leaving less time for implementation and reviews. Implementation of the UBW takes place in parallel, but energy and effort of a considerable number of key Cosponsor and Secretariat staff are diverted from the implementation of the current UBW.

18. It is appropriate therefore to consider moving to a longer planning cycle that would reduce time and effort spent on planning, to be better used on implementation and performance monitoring.

d. Greater focus on implementation and monitoring of results at country level

19. In line with the effort to position the UBW within the broader AIDS response, the current Performance Monitoring and Evaluation Framework links the monitoring of efforts of UNAIDS to the achievement of progress in the AIDS response.

20. Therefore, at one level, country-level data are used to measure progress against indicators of the Declaration of Commitment on HIV/AIDS. At another level, by monitoring the guidance and support provided by UNAIDS to countries, the Framework provides information regarding the specific contributions of UNAIDS during the biennium.

21. A 4-year planning framework incorporating a longer-term Performance Monitoring and Evaluation Framework would strengthen results-based management and

accountability across UNAIDS and improve tracking of linkages between investments and results. These linkages would better situate the monitoring and evaluation of UNAIDS activities within broader global efforts to measure the results of global and national commitment and action.

22. Currently in the 2-year UBW, UNAIDS efforts focus on outcomes that require a longer period to be achieved. A longer planning framework would permit monitoring of performance against a more appropriate time frame for changes and results at country level to be measured, and allow more time to assess outputs and outcomes based on the UNAIDS Performance Monitoring and Evaluation Framework and enable timely reporting to the PCB, as requested by the PCB.

III IMPLICATIONS AND RISKS OF MOVING TO LONGER PLANNING AND BUDGET FRAMEWORK

23. The implications and risks of moving to a 4-year planning and budget framework can be considered under the following headings:
 - a. planning and budget formulation
 - b. review and oversight
 - c. resource mobilization.

a. Planning and budget formulation

24. One of the characteristics of the AIDS epidemic and the response to it is that these have changed considerably over the last few years. Articulating clearly outcomes to which UNAIDS contributes and outputs for which UNAIDS can be held accountable over a 2-year period has been difficult and might be more difficult over a 4-year period. Over a 4-year period, shifts in the dynamics of the epidemic, programmatic priorities and/or the response are likely to be more significant.
25. Although planning for a longer-term response poses difficulties, the 2007–2010 Strategic Framework has nevertheless provided the longer-term vision for the response to the epidemic and formed the basis of the 2008–2009 UBW. It is therefore proposed that the 2007–2010 Strategic Framework should be reviewed and extended to 2011 to guide the development of the next UBW.
26. Moving from a 2-year UBW to a 4-year planning framework may present additional challenges in estimating the resources required in total for the UBW and for each of the Cosponsors and the Secretariat.
27. It is therefore not recommended that a 4-year budget cycle be adopted even if a 4-year planning framework is adopted. It is also important that a process is established to review the estimated resource requirements for the second two years of a 4-year planning framework, if one is adopted (see below).
28. The current planning cycles of the Cosponsors and the Secretariat are shown in Annex 1. As can be seen from the chart, the period with the most overlap between agencies for the planning cycle is the 4-year period from 2008 to 2011. Effectively there is a complete match with three of the Cosponsors (UNDP, UNFPA and UNODC), one or more planning cycles cumulatively fit into this period for a further three Cosponsors (UNHCR, ILO and the World Bank) and there is a partial or

complete overlap with the other Cosponsors (UNICEF, WFP, UNESCO and WHO) and the Secretariat of a minimum of two years.

29. Achieving a match for the period 2008–2009 would involve extending the time frame of the current Strategic Framework for UNAIDS as approved by PCB from 2007–2010 to 2011 as proposed above (paragraph 25). Adjustments would also be necessary for UNHCR, UNICEF, WFP, ILO and the World Bank for their planning cycles to cover the period to 2011. UNESCO and WHO have concurrent 6-year cycles for the period 2008–2013.
30. All the Cosponsors currently have a 2-year budget cycle consistent with the 2008–2009 UBW, with the exception of the World Bank. A 4-year budget cycle for the UBW could be conceived as encompassing two budget cycles for all of the Cosponsors except the World Bank, where it would correspond to four cycles. However, it is not clear whether this would have any practical implications. Currently, funds are allocated by the PCB to the Cosponsors and the Secretariat on a 2-year basis but actually paid out on an annual basis. Payments for the second year are subject to programmatic performance and financial implementation but also take into account actual and anticipated fund raising at the time of payment.

b. Review and oversight

31. The PCB has emphasized the importance of performance monitoring and evaluation of the UBW in order to assess progress in achieving objectives, financial implementation, resource availability and requirements, with performance-based disbursements and reprogramming, as necessary, to respond to changes in the epidemic and emerging priority issues.
32. Currently, Cosponsors file financial and progress reports with the Secretariat in February/March of each year. The performance of the Cosponsors and the Secretariat for each UBW is reported annually to the PCB through the Performance Monitoring and Evaluation Framework. At the request of the PCB, a mid-term review will be introduced as part of the 2008–2009 UBW, with the exact details of the review yet to be finalized. A web-based database has been developed to facilitate reporting.
33. Particular attention would need to be given to performance monitoring if UNAIDS were to move from a 2-year to a 4-year planning framework in order to ensure that goals and objectives remain relevant, resources are directed where they are most needed, and expected results and outputs are achieved.¹
34. Oversight could be strengthened through a standing subcommittee of the PCB—on planning and performance monitoring—that would provide PCB members an opportunity to review annual and mid-term reports in much greater detail than the full PCB is able to do. The planning and performance monitoring committee could also endorse any revisions to the UBW deemed necessary to respond to changes in the epidemic without having to wait for the next meeting of the PCB for formal approval.

¹ It should be noted that to provide some budgetary flexibility to respond to new priorities or emerging needs, the PCB has authorized the Executive Director to reprogramme funds up to a maximum of 10% and, if necessary, to a greater percentage following consultations with the CCO and the Chair and Vice-Chair of the PCB. In addition, the PCB has authorized the Executive Director, subject to conditions, to programme up to 10% of funds raised over and above the PCB-approved level of the UBW. The 2008–2009 UBW also contains a contingency fund of US\$ 5 million.

35. A 4-year planning framework would require strengthening of current review and oversight mechanisms and processes and would include (a) a refined Performance Monitoring and Evaluation Framework; (b) annual programmatic progress reports and financial implementation reports; (c) a mid-term review; and (d) regular oversight by the PCB standing subcommittee on planning and performance monitoring.

c. Resource mobilization

36. Currently UNAIDS has multi-year agreements for four years or more with four donors representing 33% of UNAIDS core income. However, 6 of the top 10 donors commit funds on an annual basis representing 56% of UNAIDS core income.

37. Although a 4-year planning framework would provide a longer-term perspective to donors in planning their contributions and in preparing their estimates for ministries, parliamentary committees and parliaments, many donor countries follow procedures whereby their budgets are approved annually. Therefore a progression to multi-year agreements may not be currently feasible in many cases, but a 4-year planning framework would nevertheless enhance national planning and make it easier for donors to consider multi-year funding agreements.

38. It should also be noted that a concern among some Cosponsors is that moving from a 2-year UBW to a 4-year budget cycle might reduce incentives to provide matching UBW funds from the Cosponsors.

IV OTHER CONSIDERATIONS AND CONCLUSION

39. At its 21st meeting in December 2007, the PCB agreed to the Second Independent Evaluation of UNAIDS. The evaluation will consider, inter alia, the evolving role of UNAIDS within a changing environment and governance issues including a review of the governance and accountability structures of UNAIDS (PCB, CCO and UBW), and relationships with the Cosponsors and other UN bodies on a wide range of issues. The final report of the evaluation will be presented to the 24th meeting of the PCB in June 2009 along with UNAIDS response to the evaluation and recommendations for decisions by the Board.

40. It is possible that the report of the Second Independent Evaluation could have major implications for UNAIDS planning and budgeting, and this should be considered while trying to decide on the most appropriate planning and budgetary framework for UNAIDS.

41. Taking into account the issues and arguments outlined above, the conclusion is that the best approach would be to adopt a longer-term planning framework to provide the necessary vision for the response to the epidemic as the basis for the UBW while maintaining a 2-year budget cycle, which works well for all parties. **The PCB is therefore invited to endorse the development of the 2010–2011 UBW based on a review and extension of the UNAIDS 2007–2010 Strategic Framework to 2011, and to confirm a 4-year planning framework and a 2-year budget cycle for the UBW.**

42. Decisions regarding other changes to the UBW are proposed to be taken once the independent evaluation has been completed and recommendations on the future governance, structure and direction of UNAIDS have been carefully considered.

