

**UNAIDS/PCB(18)/06.9**  
**10 May 2006**

## **18<sup>th</sup> Meeting of the UNAIDS Programme Coordinating Board**

**Geneva, Switzerland**  
**27–28 June 2006**

*Provisional agenda item 6.1:*

**Financial report and audited financial statements for the financial period**

**1 January 2004 to 31 December 2005**

**and Report of the external auditor**



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## **PART I**

### **INTRODUCTION**

1. The Financial Report of the Joint United Nations Programme on HIV/AIDS (UNAIDS) for the biennium 2004–2005 is submitted by the UNAIDS Secretariat to the UNAIDS Programme Coordinating Board (PCB), in accordance with established procedures<sup>1</sup> which require the PCB to review the audited financial report of the Programme.

2. In line with the continuing process of simplification in the presentation of the financial information provided by the Programme, some changes have been incorporated in the present report, which is now divided into four parts. Part I presents general information and the main highlights of the report; Part II contains the opinion of the external auditor; Part III contains the notes to the accounts and the principal financial statements and schedules. This third part is now clearly distinguished from Part IV, which provides additional information on the financial period.

3. At its 14th meeting, from 26 to 27 June 2003, the PCB endorsed the strategies and approaches contained in the 2004-2005 Unified Budget and Workplan. It approved a core budget of US\$ 250.5 million and a proposed distribution of those resources as follows: US\$ 85.7 million for Cosponsors; US\$ 91.2 million for the Secretariat; and US\$ 73.6 million for interagency activities. The PCB also approved an additional Inter-Agency core budget of US\$ 20 million, subject to availability of funds bringing the total core budget to US\$ 270.5 million – an increase of 42% from US\$ 190 million in 2002-2003.

4. The structure of the 2004-2005 Unified Budget and Workplan (UBW) was based on the United Nations General Assembly Declaration of Commitment on HIV/AIDS in 2001 and has six work areas:

- building capacity and leadership, including human rights;
- prevention and vulnerability reduction;
- care, support and treatment;
- alleviating socioeconomic impact and addressing special situations;
- research and development;
- resources, follow-up, monitoring and evaluation.

5. The Unified Budget and Workplan includes a breakdown of the expected results and resource needs of each Cosponsor, the Secretariat and Inter-Agency initiatives. The activities of each relate to specific objectives and work areas. The Unified Budget and Workplan also includes agreed principles and processes to harmonize the work of Cosponsors and the Secretariat.

6. During the period covered by this financial report, the Executive Director approved a reallocation of funds between the areas of work under the Inter-Agency Resources and the Secretariat, based on the authority given to him by the PCB on reprogramming. A summary of the amounts reprogrammed under relevant areas of work is shown in Schedule 5 on page 19.

7. The donor community continued to provide generous financial support to UNAIDS during the 2004–2005 biennium. Donor contributions were sufficient to enable the Programme to entirely fund the Unified Budget and Workplan and to fully implement its activities in accordance with the approved budget.

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<sup>1</sup> Function 5 (vi) of PCB modus operandi

8. Taking into account total funds available including carry-over and contributions received as at 30 April 2004, the PCB, at its 15<sup>th</sup> meeting in June 2004, endorsed the Executive Director's proposal to utilize US\$ 6.8 million out of the 2002-2003 funds carried over under separate appropriations outside the Unified Budget and Workplan. These funds were to be used to cover the costs of additional security measures at country level as well as payments in conjunction with the construction of new premises in Geneva, including installation costs.

9. In June 2005 the PCB further approved the recommendation of the Executive Director to provide extraordinary funding towards a number of urgent and priority strategic initiatives during 2005 as well as to increase the level of the Operating Reserve Fund. In this favorable funding context, an additional amount of US\$ 7.8 million was programmed from the anticipated and available fund balance under the 2004-2005 Unified Budget and Workplan and the level of the Operating Reserve Fund was increased from US\$ 25 million to US\$ 35 million.

10. The Programme has ended the 2004–2005 financial period with a fund balance of US\$ 121.7 million. This fund balance has enabled the Secretariat to implement the PCB recommendations to earmark an amount of US\$ 60.2 million under the 2004-2005 fund balance for transfer to Cosponsors in January 2006. This represents 50% of Cosponsors' share under the 2006-2007 Unified Budget and Workplan.

11. The remainder of the fund balance will enable the joint Programme to start activities falling under the Secretariat and Inter-agency components of the Unified Budget and Workplan for 2006-2007 in a timely manner.

PART II



भारत के नियंत्रक - महालेखापरीक्षक  
COMPTROLLER & AUDITOR GENERAL OF INDIA

30 May, 2006

**LETTER OF TRANSMITTAL OF THE EXTERNAL AUDITOR**

**The Chairman  
Eighteenth Meeting of the Programme Coordinating Board  
Joint United Nations Programme on HIV/AIDS  
20 Avenue Appia  
CH-1211 Geneva 27  
SWITZERLAND**

**Sir**

I have the honour to present to the Eighteenth Meeting of the Programme Coordinating Board, a certified copy of the Financial Statements of the Joint United Nations Programme on HIV/AIDS for the period from 1 January 2004 to 31 December 2005, together with my opinion thereon.

**Yours sincerely**

**Vijayendra N. Kaul  
Comptroller and Auditor-General of India  
External Auditor**

## **OPINION OF THE EXTERNAL AUDITOR**

**To: The Programme Coordinating Board for the Joint United Nations  
Programme on HIV/AIDS**

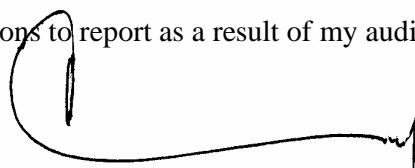
I have audited the accompanying financial statements, comprising Statement I, the relevant schedules and the supporting Notes of the Joint United Nations Programme on HIV/AIDS for the financial period ended 31 December 2005. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted the audit in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency and conforming with International Standards on Auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the auditor to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Director, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the audit opinion.

In my opinion, these financial statements present fairly, in all respects, the balance of the Fund of the Joint United Nations Programme on HIV/AIDS as at 31 December 2005 and the results of operations for the period then ended in accordance with the stated accounting policies set out in the Statement of Accounting Policies, which were applied on a basis consistent with that of the preceding financial period.

Further, in my opinion, the transactions of the Joint United Nations Programme on HIV/AIDS which have been tested as part of my audit have, in all significant respects, been in accordance with the Financial Regulations and Legislative Authority.

I have no further observations to report as a result of my audit.



**Vijayendra N. Kaul**  
**Comptroller and Auditor-General of India**  
**External Auditor**

**New Delhi, India**  
**30 May 2006**

### **PART III**

#### **FINANCIAL STATEMENT, SCHEDULES AND NOTES TO THE ACCOUNTS FOR THE PERIOD 1 JANUARY 2004–31 DECEMBER 2005**

This section of the Financial Report presents the overall financial position of UNAIDS as of 31 December 2005. The relevant statements 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. The schedules provide background details and explanations in support of individual funds and accounts administered by UNAIDS, through the WHO financial systems, for the biennial financial period 1 January 2004–31 December 2005.



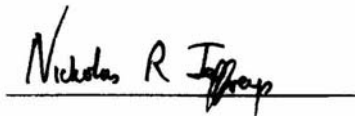
FINANCIAL REPORT ON THE ACCOUNTS OF THE UNAIDS SECRETARIAT  
FOR THE FINANCIAL PERIOD

1 January 2004 to 31 December 2005

**Certification of Financial Statement**

The appended statement and schedules, numbered 1 to 8, and notes to the accounts are approved

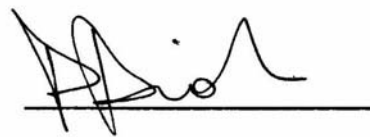
**Certification of the Financial Statement**  
(pages 8 and 9) by the  
World Health Organization



Nicholas R. Jeffreys  
Comptroller

Date 17.5.2006.

**UNAIDS**



Peter Piot  
Executive Director

Date 17/5/06

**Statement I****Statement of income and expenditure and changes in fund balances****All sources of funds for financial period 2004-2005**

(US dollars)

	<b>Unified Budget and Workplan 2004-2005</b>	<b>Non-Unified Budget and Workplan funds 2004-2005</b>	<b>Extra-budgetary activity funds 2004-2005</b>
	(a)	(b)	(c)
<b>Income</b>			
<i>Voluntary contributions</i>			
Governments	309 156 086	20 718 794	15 791 925
Cosponsoring Organizations	8 000 000	1 368 003	36 025
Other	964 943	9 193 715	829 833
	<b>318 121 029</b>	<b>31 280 512</b>	<b>16 657 783</b>
<i>Other income</i>			
Interest income	5 090 750	412 600	297 620
Other		1 338 789 <sup>a/</sup>	
<b>Total Income</b>	<b>323 211 779</b>	<b>33 031 901</b>	<b>16 955 403</b>
<b>Expenditure</b>			
Programme activities	265 074 816	34 785 764	12 068 078
<b>Total Expenditure</b>	<b>265 074 816</b>	<b>34 785 764</b>	<b>12 068 078</b>
<b>Excess (shortfall) of income over expenditure</b>	<b>58 136 963</b>	<b>(1 753 863)</b>	<b>4 887 325</b>
Transfer from WHO Funds		291 228	623 206
Savings on prior periods' unliquidated obligations	3 274 033		
Transfer between funds	(24 584 615) <sup>b/</sup>	14 584 615 <sup>c/</sup>	
<b>Total changes in fund balances</b>	<b>36 826 381</b>	<b>13 121 980</b>	<b>5 510 531</b>
<b>Fund balances - 1 January 2004</b>	<b>84 832 263</b>	<b>14 642 887</b>	<b>6 820 275</b>
<b>Fund balances - 31 December 2005</b>	<b>121 658 644</b>	<b>27 764 867</b>	<b>12 330 806</b>

<sup>a/</sup> Income from services rendered (refund of programme support costs)<sup>b/ c/ d/</sup> See Part IV (paragraphs 17, 18 and 19 respectively)

**Statement I** (continued)

<b>Junior Professional Officers</b>	<b>Operating Reserve Fund</b>	<b>Totals</b>		
2004-2005	2004-2005	<b>2004-2005</b>	2002-2003	
(d)	(e)	(f) = (a+b+c+d+e)		
				<b>Income</b>
				<i>Voluntary contributions</i>
3 504 545		<b>349 171 350</b>	228 785 598	Governments
		<b>9 404 028</b>	10 429 693	Cosponsoring Organizations
		<b>10 988 491</b>	14 611 120	Other
3 504 545		<b>369 563 869</b>	253 826 411	
				<i>Other income</i>
11 050		<b>5 812 020</b>	7 238 020	Interest income
		<b>1 338 789</b>	394 452	Other
3 515 595		<b>376 714 678</b>	261 458 883	<i>Total Income</i>
				<b>Expenditure</b>
3 924 279		<b>315 852 937</b>	189 658 449	Programme activities
3 924 279		<b>315 852 937</b>	189 658 449	<i>Total Expenditure</i>
( 408 684)		<b>60 861 741</b>	71 800 434	<b>Excess (shortfall) of income over expenditure</b>
		<b>914 434</b>		Transfer from WHO Funds
		<b>3 274 033</b>	5 676 874	Savings on prior periods' unliquidated obligations
	10 000 000 <sup>d/</sup>			Transfer between funds
( 408 684)	10 000 000	<b>65 050 208</b>	77 477 308	<b>Total changes in fund balances</b>
2 806 510	25 000 000	<b>134 101 935</b>	56 624 627	<b>Fund balances - 1 January 2002</b>
<b>2 397 826</b>	<b>35 000 000</b>	<b>199 152 143</b>	134 101 935	<b>Fund balances - 31 December 2003</b>

## **Notes to the accounts**

### **1. Statement of objectives**

1.1 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 ECOSOC resolutions 1994/24 and 1995/2, is the coordination of the United Nations system's response to the HIV/AIDS epidemic.

1.2 This objective was further refined and updated as a result of the five-year evaluation carried out in 2001 and 2002, which resulted in PCB 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**
- **resource mobilization**, financial, technical and political

1.3 At its 14th meeting, the PCB endorsed the strategies and approaches contained in the 2004-2005 Unified Budget and Workplan which includes a breakdown of the expected results and resource needs of each Cosponsor, the Secretariat and Interagency initiatives. The activities of each relate to specific objectives and work areas. The Unified Budget and Workplan also includes agreed principles and processes that further harmonize the work of Cosponsors and the Secretariat. It approved a core budget of US\$ 250.5 million and a proposed distribution of those resources as follows: US\$ 85.7 million for Cosponsors; US\$ 91.2 million for the Secretariat; and US\$ 73.6 million for interagency activities.

1.4 It also approved an additional interagency core budget of US\$ 20 million, subject to availability of funds.

### **2. Statement of accounting policies**

#### **2.1 *General accounting policies***

The accounts of UNAIDS are maintained in accordance with the Financial Regulations and Financial Rules of WHO, which provides administration of the Joint United Nations Programme on HIV/AIDS as per resolution 1994/24 of the Economic and Social Council of the United Nations, and Article XI of the Memorandum of Understanding among Cosponsors establishing UNAIDS. The accounting policies and financial reporting practices applied in 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 (UNAS) apply. The financial statements, accompanying notes and schedules are in accordance with UNAS and prepared in the formats stated therein.

#### **2.2 *Presentation of financial statements***

The financial statements, notes and schedules are presented in US dollars. All assets and liabilities, including accounts receivable and payable, are maintained globally within WHO's books of account.

### **2.3 *Foreign currency translation***

Translation into US dollars of transactions expressed in other currencies is effected at the prevailing United Nations accounting rate of exchange, as applicable at the date of the transaction. However, imprest account expenditure transactions are accounted for at the accounting rate of exchange in effect at the date expenditures are recorded in the main accounts.

Assets and liabilities held in other currencies at the end of the financial period are also translated into US dollars at the United Nations accounting rate of exchange prevailing for the month of December of the closing year. However, when significant changes occur in the exchange rates at the end of a financial period, the rates used ‘as of 31 December’ are those in force on 1 January of the subsequent year. In the current financial period, no substantial change occurred between the exchange rates in force at the end of 2005 and those in force on 1 January 2006.

### **2.4 *Accounting for exchange differential***

Exchange rate gains and losses on the purchase and sale of currencies, in addition to the exchange differential arising from the revaluation of cash book balances, are adjusted against the funds and accounts participating in the apportionment of interest under the WHO general investment plan.

### **2.5 *Tax Equalization Fund***

UNAIDS staff are included in the WHO Tax Equalization Fund.

### **2.6 *Voluntary contributions***

UNAIDS activities are fully funded through voluntary contributions. Income is therefore recorded on a cash basis, i.e., as received.

Contributions of goods or services in-kind received by UNAIDS are recorded upon receipt. They are treated both as income and expenditure in the UNAIDS Trust Fund for extra-budgetary activities where they are recorded at a fair value based on estimates provided by the donor.

### **2.7 *Letters of credit***

The funds available from donors under these facilities are recorded as income in the accounts of the Programme when actually drawn down, according to Programme requirements.

### **2.8 *Interest income***

UNAIDS funds are invested by WHO. Interest earned on funds in accounts invested on a pooled basis is apportioned monthly in proportion to the accounts’ capital at the end of each month. Earnings on investments made for specific funds are credited directly to the funds concerned. Interest is adjusted by the exchange differential arising from currency operations.

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

## **2.9 Expenditure**

UNAIDS' expenditure (obligations) is recorded on an accrual basis. That part of an obligation, which has not yet been paid (i.e., an outstanding liability) is shown on the balance sheet of WHO as an unliquidated obligation.

### **2.10 Savings on unliquidated obligations**

Unliquidated obligations relating to prior financial periods are settled during the current financial period in accordance with Financial Regulation 4.5. Variances on settlement are debited/credited to the relevant Trust Fund sub-accounts.

### **2.11 Cash at banks and in transit and on hand**

UNAIDS imprest accounts are maintained by WHO. Imprest account balances only reflect disbursements recorded up to 30 November 2005, in order to ensure a consistent cut-off throughout WHO/UNAIDS. Disbursements that have not been accounted for in the financial period will be accounted for against the liquidation of the relevant expenditure (obligations) and bank balances in 2006.

UNAIDS cash at banks and in transit and on hand is shown on the balance sheet of WHO.

### **2.12 Cash, deposits and securities**

UNAIDS cash, deposits and securities are administered by WHO and shown on its balance sheet.

### **2.13 Non-expendable equipment**

In accordance with established accounting policy, non-expendable equipment, including furniture, computers and other office equipment and motor vehicles, is charged to expenditure at cost.

### **2.14 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 PCB in June 1996. The rules and procedures guiding the use of the ORF by the Executive Director, including a recommendation about its optimal size, were decided at the sixth meeting of the PCB.

## **3. Income from services rendered**

This item refers to income from programme support costs levied against programme expenditure under the funds for Extra-budgetary activities and Junior Professional officers. Income earned during the financial period is recorded under the UNAIDS Trust Fund sub-account for non-Unified-Budget-and-Workplan for use in the succeeding financial period.

## **4. Expenditure**

Expenditure for UNAIDS programme activities in Statement I is shown under separate columns, according to source of funding.

## 5. Staff Health Insurance

UNAIDS staff are covered by WHO's Staff Health Insurance. Income of 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%) of active staff contributions is set aside each year. The remaining 75% of contributions is required to meet current claims from active staff. The balance of the WHO fund on 31 December 2005, US\$ 310.7 million, is held to satisfy statutory reserves, as follows:

	<i>31 December 2005 (US dollars)</i>	<i>31 December 2003 (US dollars)</i>
<i>Settlement of outstanding claims (SHI rule 470.1)</i>	<i>14 676 678</i>	<i>11 441 025</i>
<i>Future costs of retired staff (SHI rule 470.2)<sup>a/</sup></i>	<i>272 031 000</i>	<i>218 020 000</i>
<i>Reserve for major claims and cost of reinsurance (SHI rule 470.3)</i>	<i>23 992 623</i>	<i>38 154 842</i>
<i>Total</i>	<i>310 700 301</i>	<i>267 615 867</i>

## 6. Letters of credit

At 31 December 2005, in addition to actual cash resources on hand, undrawn balances under a letter of credit received from the United States of America towards the UNAIDS Unified Budget and Workplan activities amounted to US\$ 12 150 000.

## 7. Non-expendable equipment

On 1 January 2004, the opening value of the UNAIDS inventory was US\$5 646 890<sup>2</sup>. New non-expendable items at a cost of US\$ 1 844 664 were purchased during the 2004–2005 biennium, whereas obsolete items totalling US\$ 600 300 were disposed of, resulting in an inventory figure of US\$ 6 891 254 at 31 December 2005.

## 8. Unliquidated obligations

	31 December 2003 US\$	31 December 2005 US\$
Core Unified Budget and Workplan	11 668 006	28 998 224
Non-Unified Budget and Workplan funds	1 838 343	7 975 600
Extra budgetary activity funds	2 271 465	2 729 150
Junior Professional Officers	159 450	223 310
<b>Total unliquidated obligations</b>	<b>15 937 264</b>	<b>39 926 284</b>

<sup>a/</sup> The most recent actuarial valuation of the future cost of retired staff, dated July 2004, estimates an Accumulated Post-retirement Benefit Obligation (APBO) for retirees of \$ 370.0 (\$224.5 million in June 2000).

<sup>2</sup> The inventory figure at 31 December 2003 (US\$ 5 637 743) has been adjusted to include an amount of US\$ 9 147 representing the value of an item purchased in 2003 but not included in the 2003 inventory

## **9. Construction in progress and loan from The Swiss Confederation**

At its 12<sup>th</sup> meeting, the PCB endorsed the UNAIDS negotiation of a direct loan with The Swiss Confederation for the construction of a new building in Geneva for UNAIDS Secretariat and WHO at an estimated cost of CHF66 million, of which UNAIDS' share was estimated at CHF33 million. The Swiss Confederation, in December 2003, 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 will be made through the reallocation of funds currently being expended on the rental of office space with effect from the first year of the completion of the building.

The amount of construction in progress (included in the balance sheet of WHO) reflects expenditure incurred on the building up to 31 December 2005 and the loan repayable at 31 December 2005 represents the amount of the loan received from the Swiss Confederation on that date.

## **10. 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. UNJSPF was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. 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 had not invoked this provision.

## **11. Administrative waivers, amounts written off**

During the 2004–2005 biennium, there was no administrative waiver; no amount written off or any extra-gratia payment. Furthermore, no cases of fraud were reported during the 2004–2005 biennium.

## **12. Contingent liabilities**

As of 31 December 2005, there were no legal proceedings pending against the Programme. However there is a claim relating to alleged ecological damage caused by the construction of the WHO/UNAIDS building that is currently being processed. This claim is not deemed to be of material significance.



**Schedule 1**

**Unified Budget and Workplan - details of income**  
**as at 31 december 2005**  
(US dollars)

<b>Voluntary contributions</b>	<b>Funds received toward the 2004-2005 Unified Budget and Workplan</b>
<b>Governments</b>	
Andorra	43 420
Australia	2 762 710
Austria	124 834
Belgium (incl. Ministry of the Flemish Community)	9 654 394
Brazil	100 000
Canada	11 570 982
China	200 000
Czech Republic	131 022
Denmark	10 922 330
Finland	11 831 022
France	1 090 274
Germany	3 129 255
Greece	106 101
Ireland	5 991 574
Italy	3 707 225
Japan	6 200 000
Liechtenstein	16 288
Luxembourg	2 038 636
Monaco	10 000
Netherlands	59 372 892
New Zealand	2 059 969
Norway	35 425 276
Poland	40 000
Russian Federation	599 972
Spain	409 619
Sweden	39 687 863
Switzerland	6 455 814
Thailand	98 083
United Kingdom of Great Britain and Northern Ireland	44 079 735
United States of America	50 690 000 <sup>a/</sup>
Autonomous Government of the Region of Extramadura, Spain	606 796
<b>Sub-total</b>	<b>309 156 086</b>
<b>Cosponsoring Organizations</b>	
World Bank	8 000 000
<b>Sub-total</b>	<b>8 000 000</b>
<b>Other</b>	
CDC, USA	750 000
United Nations federal credit Union	97 293
Miscellaneous	117 650
<b>Sub-total</b>	<b>964 943</b>
<b>Other income</b>	
Interest	5 090 750
<b>Sub-total</b>	<b>5 090 750</b>
<b>TOTAL</b>	<b>323 211 779</b>

<sup>a/</sup> Does not include a letter of credit of \$ 12 150 000 not yet called forward

**Schedule 2**

**Non-Unified Budget and Workplan funds - details of income**  
**as at 31 December 2005**  
(US dollars)

<b>Voluntary contributions</b>	<b>Funds received toward Non-Unified Budget and Workplan activities 2004-2005</b>
<b>Governments</b>	
Andorra	62 795
Australia	2 429 129
Belgium (incl. Ministry of the Flemish Community)	856 209
Canada	1 519 688
Denmark	601 245
Finland	1 204 819
France	928 382
Germany	161 596
Japan	461 770
Luxembourg	1 354 925
Monaco	75 000
Netherlands	138 550
Norway	972 053
Sweden	3 982 492
Switzerland	160 000
United Kingdom of Great Britain and Northern Ireland	5 152 141
United States of America	658 000
<b>Sub-total</b>	<b>20 718 794</b>
<b>Cosponsoring Organizations</b>	
ILO	49 500
UNDP	466 179
UNODC	20 194
UNESCO	115 520
UNFPA	56 000
UNICEF	559 392
WHO	47 282
World Bank	38 936
WFP	15 000
<b>Sub-total</b>	<b>1 368 003</b>
<b>Other</b>	
CDC, USA	4 442 643
National Institute of Health, USA	249 970
GTZ, Germany	990 753
Commission of the European Communities	323 415
United Nations Foundation	5 000
United Nations	10 000
Action Aid	45 620
Becton Dickinson and Company	5 000
Canonica	3 390
Ford Foundation	55 000
Global Fund	99 700
International Planned Parenthood Federation	18 000
Merck & Co Inc.	244 630
Open Society Institute	100 000
Organization of Petroleum Exporting Countries	2 000 000
Pfizer Inc.	70 000
Rockefeller Foundation	50 000
Southern African Development Community Secretariat	277 324
UNIFEM	17 000
UHCHR	34 770
UNOCHA	150 000
Miscellaneous	1 500
<b>Sub-total</b>	<b>9 193 715</b>
<b>Other income</b>	
Interest	412 600
Other (refund of programme support costs)	1 338 789
<b>Sub-total</b>	<b>1 751 389</b>
<b>TOTAL</b>	<b>33 031 901</b>

**Schedule 3**

**Extra-budgetary activity funds - details of income**  
**as at 31 December 2005**  
(US dollars)

<b>Voluntary contributions</b>	<b>Funds received toward Extra-budgetary activities 2004-2005</b>
<b>Governments</b>	
Austria	121 065
Belgium	1 748 469
Canada	309 848
France	1 176 471
Ireland	449 849
Italy	200 000
Luxembourg	339 213
Russian Federation	400 000
Sweden	2 490 500
Switzerland	410 151
United Kingdom of Great Britain and Northern Ireland	8 146 359
<b>Sub-total</b>	<b>15 791 925</b>
<b>Cosponsoring Organizations</b>	
UNDP	26 025
UNHCR	10 000
<b>Sub-total</b>	<b>36 025</b>
<b>Other</b>	
African Comprehensive HIV/AIDS Partners	36 162
Commission of the European Communities	130 162
UNFIP	663 509
<b>Sub-total</b>	<b>829 833</b>
<b>Other income</b>	
Interest	297 620
<b>Sub-total</b>	<b>297 620</b>
<b>TOTAL</b>	<b>16 955 403</b>

**Schedule 4**

**Junior Professional Officers - details of income  
as at 31 December 2005  
(US dollars)**

<b>Voluntary contributions</b>	<b>Funds received toward Junior Profesional Officers 2004-2005</b>
<b>Governments</b>	
Austria	179 100
Belgium	459 704
Denmark	506 662
Finland	19 100
Germany	161 821
Italy	393 505
Norway	968 580
Sweden	816 073
<b><i>Sub-total</i></b>	<b>3 504 545</b>
<b>Other income</b>	
Interest	11 050
<b><i>Sub-total</i></b>	<b>11 050</b>
<b><i>TOTAL</i></b>	<b>3 515 595</b>

**Schedule 5**

**2004-2005 Unified Budget and Workplan  
Budget and Expenditure Summary by Area of Work  
as at 31 December 2005  
(US dollars)**

Areas of work	Approved Budget	Increase/ (Decrease)	Reprogrammed Budget	Expenditure 2004-2005
	(a)	(b)	(c) = (a+b)	(d)
1 Building capacity and leadership, including human rights	72 403 500	11 001 967	83 405 467	81 168 601
2 Prevention and vulnerability reduction	59 022 000	( 956 522)	58 065 478	57 576 809
3 Care, support and treatment	29 318 000	( 342 550)	28 975 450	28 679 846
4 Alleviating socioeconomic impact and addressing special situations	27 537 000	( 309 392)	27 227 608	26 955 347
5 Research and development	6 265 000	( 526 763)	5 738 237	5 683 103
6 Resources, follow-up, monitoring and evaluation	75 924 500	(8 866 740)	67 057 760	65 011 110
<b>TOTAL</b>	270 470 000		270 470 000	265 074 816

## Schedule 6

**Non-Unified Budget and Workplan funds**  
**Funds available and Expenditure Summary by Source of Income**  
**as at 31 December 2005**  
(US dollars)

Source of income	2002-2003 Carry-over	Funds received in 2004-2005	Interest and Transfers from other funds	Total Funds	Expenditure 2004-2005
	(a)	(b)	(c)	(d)=(a+b+c)	(e)
<b><i>Voluntary contributions and other income</i></b>					
Andora		62 795		62 795	
Australia	528 997	2 429 129		2 958 126	1 308 578
Belgium (incl. Ministry of the Flemish Community)	2 074 622	856 209	35 440	2 966 271	1 698 001
Canada	38 189	1 519 688		1 557 877	1 435 958
Denmark		601 245		601 245	515 470
Finland		1 204 819	10 160	1 214 979	382 800
France	836 750	928 382		1 765 132	1 598 460
Germany	110 295	161 596		271 891	271 891
Germany (GTZ)	1 227 234	990 753	25 450	2 243 437	1 734 231
Ireland	555 329			555 329	526 878
Japan	857 096	461 770		1 318 866	925 032
Luxembourg		1 354 925		1 354 925	741 768
Monaco		75 000		75 000	75 000
Netherlands	69	138 550		138 619	50 348
New Zealand	223 111			223 111	80 249
Norway	1 043 306	972 053	9 220	2 024 579	1 824 473
Sweden		3 982 492		3 982 492	1 461 565
Switzerland		160 000		160 000	159 359
United Kingdom of Great Britain and Northern Ireland	477 402	5 152 141		5 629 543	2 835 429
United States of America (USAID)	1 106 933	658 000	12 960	1 777 893	1 543 689
United States of America (CDC)	1 278 059	4 442 643	18 560	5 739 262	5 595 803
United States of America (NHI)	435 555	249 970		685 525	642 898
Action Aid		45 620		45 620	41 145
Becton Dickinson and Company		5 000		5 000	5 000
Bill & Melinda Gates Foundation	2 029 929		24 390	2 054 319	2 019 823
Canonica, Switzerland		3 390		3 390	3 390
Commission of the European Communities	393 670	323 415		717 085	608 539
Ford Foundation		55 000		55 000	54 978
Global Fund		99 700		99 700	98 350
International Labour Organization		49 500		49 500	46 473
International Planned Parenthood Federation		18 000		18 000	18 000
Merck & Company Inc.		244 630		244 630	73 518
Open Society Institute		100 000		100 000	100 000
Organization of Petroleum Exporting Countries		2 000 000	13 130	2 013 130	1 450 045
Pfizer Inc.		70 000		70 000	70 000
Rockefeller Foundation		50 000		50 000	50 000

***Schedule 6 (continued)***

Source of income	2002-2003 Carry-over	Funds received in 2004-2005	Interest and Transfers from other funds	Total Funds	Expenditure 2004-2005
	(a)	(b)	(c)	(d)=(a+b+c)	(e)
Southern African Development Community		277 324		277 324	137 979
United Nations Office on Drugs and Crime		20 194		20 194	5 000
UNDP	390 661	466 179		856 840	631 086
UNESCO		115 520		115 520	
UNFPA		56 000		56 000	55 630
UNICEF		559 392		559 392	406 381
United Nations	460 824	10 000		470 824	436 275
United Nations Development Fund for Women		17 000		17 000	2 596
United Nations Foundation	25 000	5 000		30 000	5 000
Office of the United Nations High Commissioner for Human Rights		34 770		34 770	21 960
Office for the Coordination of Humanitarian Affairs		150 000		150 000	148 704
WHO		47 282		47 282	47 282
World Bank	294	38 936		39 230	24 630
World Food Programme	7 000	15 000		22 000	22 000
Miscellaneous		1 500		1 500	1 500
Interest and other	542 562	1 338 789	263 290	2 144 641	422 068
<b><i>Sub-total</i></b>	14 642 887	32 619 301	412 600	47 674 788	32 415 232
 <b><i>Transfer from other funds</i></b>					
Transfer from Global Programme on AIDS			291 228	291 228	142 078
Transfer from 2003 Core Carry-Over			14 584 615	14 584 615	2 228 454
<b><i>Sub-total</i></b>			14 875 843	14 875 843	2 370 532
	14 642 887	32 619 301	15 288 443	62 550 631	34 785 764

## Schedule 7

**Extra-budgetary activity funds**  
**Funds available and Expenditure Summary by Source of Income**  
**as at 31 December 2005**  
(US dollars)

Source of income	2002-2003 Carry-over	Funds received in 2004-2005	Interest and Transfers from other funds	Total Funds	Expenditure 2004-2005
	(a)	(b)	(c)	(d) = (a+b+c)	(e)
<b>Voluntary contributions in cash</b>					
Australia	4 436			4 436	4 436
Austria		121 065		121 065	121 065
Belgium	1 019 324	1 748 469	6 280	2 774 073	1 810 274
Canada	90 650	309 848		400 498	265 232
Denmark	1 334 033		20 400	1 354 433	1 252 004
France	60 102	1 176 471		1 236 573	7 450
Germany	1 725			1 725	
Ireland	125 090	449 849		574 939	221 138
Italy	228 269	200 000		428 269	261 734
Japan	1 226 782			1 226 782	523 119
Luxembourg	297 477	339 213		636 690	636 125
Norway	705 556			705 556	404 933
Russian Federation	96 870	400 000		496 870	236 120
Sweden	2 779	2 490 500		2 493 279	
Switzerland	2 587	410 151		412 738	343 694
United Kingdom of Great Britain and Northern Ireland	82 196	8 146 359	30 150	8 258 705	3 772 567
United States of America (USAID)	200 271			200 271	
United States of America (CDC)	1			1	(1 859)
United States of America (NIH)	4 532			4 532	2 733
African Comprehensive HIV/AIDS Partners	14 508	36 162		50 670	39 393
Bill and Melinda Gates Foundation	17 252			17 252	17 252
Commission of the European Communities	1 044	130 162		131 206	96 609
Japan Intern. Corp. of Welfare Services	19 346			19 346	18 706
Japanese Found. for AIDS Prevention	2 693			2 693	(112 353)
National Agency for AIDS Research (ANRS)	2 533			2 533	
UBS SA, Switzerland	1 223			1 223	
UNDP		26 025		26 025	
United Nations	486			486	
UNFIP	768 298	663 509		1 431 807	1 243 264
UNHCR		10 000		10 000	
World Bank	185 167			185 167	35 528
World Economic Forum	132			132	
Greek Action For Africa Foundation	56 762			56 762	53 000
Unspecified Interest	268 151		240 790	508 941	254 239
<b>Sub total</b>	<b>6 820 275</b>	<b>16 657 783</b>	<b>297 620</b>	<b>23 775 678</b>	<b>11 506 403</b>
<b>Transfer from other funds</b>					
WHO/Japan Fund			623 206	623 206	561 675
<b>Sub total</b>			<b>623 206</b>	<b>623 206</b>	<b>561 675</b>
<b>Total</b>	<b>6 820 275</b>	<b>16 657 783</b>	<b>920 826</b>	<b>24 398 884</b>	<b>12 068 078</b> <sup>a/</sup>

<sup>a/</sup> Actual expenditure incurred during the biennium amounted to US\$ 13 373 686. This figure has been reduced by the total savings of US\$ 1 305 608 generated through the reduction/cancellation of prior periods' unliquidated obligations, thus arriving at net expenditure of US\$ 12 068 078.



**Schedule 8**

**Junior Professional Officers**  
**Funds available and Expenditure Summary by Source of Income**  
**as at 31 December 2005**  
(US dollars)

Source of income	2002-2003 carry-over	Funds received in 2004-2005	Total funds	Expenditure 2004-2005
	(a)	(b)	(c) = (a+b)	(d)
<b>Governments</b>				
Austria		179 100	179 100	142 943
Belgium	249 678	459 704	709 382	444 052
Denmark	264 401	506 662	771 063	601 744
Finland	136 197	19 100	155 297	90 176
Germany	242 143	161 821	403 964	250 145
Italy	326 528	393 505	720 033	741 353
Japan	19 500		19 500	( 20)
Netherlands	361 349		361 349	( 8 021)
Norway	384 550	968 580	1 353 130	766 760
Sweden	467 874	816 073	1 283 947	895 147
<b>Sub-total</b>	<b>2 452 220</b>	<b>3 504 545</b>	<b>5 956 765</b>	<b>3 924 279</b>
<b>Other income</b>				
Interest received	354 290	11 050	365 340	
<b>Sub-total</b>	<b>354 290</b>	<b>11 050</b>	<b>365 340</b>	
<b>Total</b>	<b>2 806 510</b>	<b>3 515 595</b>	<b>6 322 105</b>	<b>3 924 279<sup>a/</sup></b>

<sup>a/</sup> Actual expenditure incurred during the biennium amounted to US\$ 3 932 320. This figure has been reduced by the total savings of US\$ 8 041 generated through the reduction/cancellation of prior periods' unliquidated obligations, thus arriving at net expenditure of US\$ 3 924 279.

## **PART IV**

### **MANAGEMENT INFORMATION**

#### **Funds contributed during the 2004–2005 biennium**

1. During the financial period under review, income totalling US\$ 323.2 million was made available for the core resources of the Unified Budget and Workplan for 2004–2005. Some 31 governments and the World Bank contributed respectively 95.6% and 2.5% of this amount. The remaining 1.9% is made up of interest received and apportioned during the reporting period, together with some miscellaneous income, including funds received from public institutions and private contributors other than governments, miscellaneous donations and honoraria received by staff. Schedule 1 on page 15 provides the details of this income.

2. Furthermore, Non-Unified Budget and Workplan resources amounting to US\$ 33 million were made available to UNAIDS to support interagency-managed activities. To a lesser extent, in accordance with donor specification and with the agreement of the Committee of Cosponsoring Organizations (CCO) Chair, Non-Unified Budget and Workplan resources were granted to the Secretariat to support activities falling within its core mandate. Details on the sources of these funds may be found in Schedule 2 on page 16.

3. Donors also continued to provide support to a number of global and regional activities that are not included either in the Unified Budget and Workplan or covered under the Non-Unified Budget and Workplan resources and that do not specifically fall under any Cosponsor's mandate. During the 2004–2005 period, a total amount of US\$ 17 million was received in this account, as detailed in Schedule 3 on page 17.

4. For the placement of Junior Professional Officers, eight governments contributed a total amount of US\$ 3.5 million during the 2004–2005 biennium. The details of these contributions are shown in Schedule 4 on page 18.

#### **Funds expended during the 2004–2005 biennium**

5. The total expenditure of US\$ 315.9 million shown in Statement I (column f) on page 9 is the sum of the disbursements and valid unliquidated obligations at the end of the 2004–2005 financial period. Out of this expenditure figure, the funds fully disbursed on 31 December 2005 totalled US\$ 276 million, leaving an amount of unliquidated obligations of US\$ 39.9 million.

6. During the period under review, the funds expended against the US\$ 270.5 million the 2004–2005 Unified Budget and Workplan amounted to US\$ 265.1 million (summarized in Schedule 5 on page 19). The amount of US\$ 265.1 million includes:

- (a) US\$ 85.7 million paid to Cosponsors for the execution of their global and regional/intercountry HIV/AIDS activities.
- (b) US\$ 90.3 million incurred under the interagency resources section of the Unified Budget and Workplan for country-level Programme Acceleration Funds projects, UNAIDS' Country Coordinators and support to Theme Groups, and Inter-Agency Task Teams.
- (c) US\$ 89.1 million expended for the Secretariat's activities and staff.

7. As also shown in Statement I, column (b) on page 8, expenditure under the sub-account for Non-Unified Budget and Workplan resources amounted to US \$34.8 million as of 31 December 2005.

Schedule 6 on page 20 presents: (i) an overview of the total Non-Unified Budget and Workplan resources, including funds carried over from 2003 (as well as interest received in the 2004–2005 biennium), which have been made available to programme activities under this component (column d); and (ii) the amount of funds expended as of 31 December 2005.

8. As indicated in Schedule 7, on page 22, the actual expenditure incurred to support extra-budgetary activities during the reporting period amounting to US\$ 13.4 million. This amount has been reduced by US\$ 1.3 million representing the savings generated by the reduction/cancellation of prior periods' unliquidated obligations. Hence a net expenditure figure of US\$ 12.1 million also shown in Statement I, column (c) under the sub-account for extra-budgetary activities as at 31 December 2005.

9. To cover the contracts of Junior Professional Officers up to 31 December 2005, total funds in the amount of US\$ 3.9 million were expended in relation to their assignments. This represents a financial implementation rate of around 62% of the total amount of US\$ 6.3 million made available for this purpose, as shown in Schedule 8 on page 23.

### **Fund balances**

10. The fund balances on 31 December 2005 are a result of a combination of 2003 fund balances, which are shown against the line for fund balances on 1 January 2004 in Statement I, and other factors occurring during the 2004–2005 financial period. Further information on these factors is provided as follows:

#### ***Excess/shortfall of income over expenditure***

11. During 2004–2005, the resources mobilized for the Unified Budget and Workplan including interest, resulted in an excess of income over expenditure in the amount of US\$ 58.1 million under the sub-account for the Unified Budget and Workplan. More than 83% of this amount representing approximately US\$ 43.4 million was received during the last quarter of 2005.

12. The excess of US\$ 4.9 million, under the Trust Fund sub-account for extra-budgetary activities on 31 December 2005 results from two main factors. Firstly, a large number of extra-budgetary contributions made during the 2004–2005 biennium were to fund global and regional activities continuing beyond 2005; secondly, a large portion of these resources was also received during the last quarter of 2005.

13. The expenditure figures under the respective Trust Fund sub-accounts for Non-Unified Budget and Workplan activities and Junior Professional Officers on 31 December 2005 are in excess of the funds received in these sub-accounts during the period 1 January 2004 to 31 December 2005. This reveals that the Programme was able to fully implement, in a timely manner, a volume of activities that absorbed a major portion of the 2003 fund balance as well as a substantial part of the income received during the biennium. Hence the shortfall of US\$ 1.7 million and US\$ 0.4 million shown respectively under these sub-accounts on 31 December 2005.

#### ***Transfer from other WHO funds***

14. In accordance with the recommendation of the GPA Management Committee on the use of fund balance still available in the GPA Trust Fund at the end of its activities on 31 December 1995, total transfers amounting to US\$ 44.2 million were gradually made to the UNAIDS Trust Fund during the period 1996 to 2001. The amount of US\$ 0.29 million shown under Statement I, column (b) on page 8 represents the remaining funds in the GPA Trust Fund which have now been transferred to UNAIDS.

15. During the period under review, US\$ 0.62 million was also received from the WHO-Japanese Reserve Fund to support joint activities with the Global Fund against Aids, Tuberculosis and Malaria. This amount is shown as a transfer from other WHO funds under Statement I, column (c) on page 8.

***Savings on prior periods' unliquidated obligations***

16. During the course of the 2004–2005 biennium, 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 charges. Furthermore, at the end of 2005, the 2002–2003 Unified Budget and Workplan unliquidated obligations were cancelled in accordance with Financial Regulation 4.7. The reduction and cancellation of these unliquidated obligations generated a total amount of US\$ 3.3 million, shown against savings on prior periods' unliquidated obligations line under Statement I, column (a) on page 8.

***Transfer between funds and fund balances as of 31 December 2005***

17. As also shown in Statement I, to implement PCB Recommendations 15.2 of June 2004 and 12.1 of June 2005, total funds amounting to of US\$ 24.6 were transferred from the available fund balance under the Unified Budget and Workplan (column a) to other UNAIDS sub-accounts (columns b and e).

18. In this context, US\$ 14.6 million was transferred to the Trust Fund sub-account for Non-Unified Budget and Workplan activities (column b) to cover the costs of additional security measures at country level for US\$ 1.4 million as well as payments in conjunction with the construction of the new premises for US\$ 5.4 million, and to support a number of urgent and priority strategic initiatives during the remainder of 2005 for US\$ 7.8 million.

19. In order to align the level of the Operating Reserve Fund which was set at US\$ 25 million in 1999 with increasingly higher requirements of Unified Budgets and Workplans, a transfer of US\$ 10 million was also made to this sub-account (column e), bringing its total value up to US\$ 35 million by 31 December 2005.

20. The net result of the above is a total fund balance of US\$ 199.2 million, as of 31 December 2005, shown in Statement I (column f) on page 9, of which the 2004-2005 Unified Budget and Workplan accounted for 61% (column a).

21. The fund balance under the sub-account for Non-Unified Budget and Workplan activities accounted for 14% of the US\$ 199.2 million. The balance of funds in the sub-accounts for extra-budgetary funds and Junior Professional Officers accounted for 6% and 1% respectively.

22. The remaining 18% is made up of the fund balance under the Operating Reserve Fund, which continued to serve as an essential instrument during the 2004–2005 biennium, especially in the early months of each calendar year while awaiting receipt of contributions.