

# INTERIM FINANCIAL MANAGEMENT UPDATE

**Additional documents for this item:** Financial Report 2025 (UNAIDS/PCB (58)/26.10)

**Action required at this meeting—the Programme Coordinating Board is invited to:**

- *Take note* of the interim financial management update for the period 1 January 2026 to 30 April 2026, including the replenishment of the Building Renovation Fund;

**Cost implications for the implementation of the decisions:** none

UNEDITED

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## Executive Summary

The year 2026 represents an unprecedented period of transition for the Joint Programme. Following the endorsement by the Programme Coordinating Board (PCB) of the revised operating model and approval of the 2026 Workplan and Budget, UNAIDS has undertaken a rapid adjustment from a core operating budget of US\$150 million in 2025 to US\$63 million in 2026. This significant reduction has required extensive organizational restructuring within a highly compressed timeframe. The reduction of Secretariat staffing levels by approximately 55 per cent was initiated through post abolition notifications issued in June 2025, with the separation process expected to be completed by the end of July 2026. In parallel, catalytic funding for Cosponsors was limited to the six lead Cosponsors and fixed at US\$3 million under the approved US\$63 million core budget scenario.

Despite the challenging funding environment, core income levels during the first months of 2026 has provided a degree of stability during the transition. By 30 April 2026, a total of US\$40.8 million had been made available to the Joint Programme, including US\$39.8 million in core unrestricted contributions and US\$1.9 million in core restricted contributions. This has been driven by the continued commitment of several of UNAIDS' largest donors, many of whom provided contributions early in the year, including through multi-year funding agreements. Based on current 2026 projections, unrestricted core income together with projected financial income, including rental revenue from the Geneva building, is expected to reach approximately US\$63 million in 2026, aligning with projected core expenditures. Achieving this balance will depend on the full realization of outstanding core donor pledges.

The rapid transition to the revised operating model has had a significant impact on UNAIDS' reserves and fund balances. Recognizing the exceptionally short implementation period associated with the substantial reduction in the Unified Budget, Results and Accountability Framework (UBRAF), the PCB approved the use of up to US\$15 million from the Operating Reserve Fund (ORF) to cover obligations to departing staff in accordance with the Staff Regulations and Rules. This decision enabled UNAIDS to meet its obligations while maintaining an operationally viable year-end 2025 fund balance of approximately US\$39 million. However, restoring the ORF to its PCB-approved level of US\$35 million during 2026 would require mobilization of unrestricted core resources above the US\$80 million upper funding ceiling established by the Board for the 2026 Workplan and Budget. Following full implementation of the revised operating model and settlement of all related obligations for departing staff, the year-end 2026 fund balance is projected to decrease to approximately US\$19 million.

The transfer of US\$15 million from the ORF to the unrestricted core fund balance has played a critical role in supporting the transition. These resources enabled the Secretariat to meet obligations to staff who separated in 2025 and to establish provisions for obligations relating to staff departures scheduled for 2026. The overall cost of the transition in 2025 amounted to US\$16 million. This included US\$14.2 million in salary costs incurred during notice periods and US\$1.8 million in separation indemnities for 82 staff members who left UNAIDS between July and November 2025. In addition, the Secretariat earmarked US\$13.1 million from the ORF transfer as a provision to cover indemnity payments for core-funded staff separating from the Secretariat during 2026 as part of the transition process.

The transition has also influenced the financial position of several long-term liabilities and reserve funds. After-service health insurance (ASHI) for eligible UNAIDS staff continues to be administered through the WHO Staff Health Insurance scheme. UNAIDS is currently engaging with WHO regarding the treatment of ASHI-related surplus assets. According to

the latest actuarial assessment, defined benefit obligations stood at US\$56.6 million, compared with US\$137.4 million as at 31 December 2024. This substantial reduction primarily reflects updated demographic and financial assumptions, as well as the effect of workforce reductions associated with the transition to the revised operating model. At the same time, assets held in trust on behalf of staff, including organization and staff contributions and incurred-but-not-paid reserves, amounted to US\$180.3 million. As a result, ASHI assets currently exceed liabilities by approximately US\$123.7 million according to the latest assessment by an actuary.

In response to recommendations from UNAIDS Independent Expert Oversight Advisory Committee (IEOAC), UNAIDS is considering a return to its previous practice of presenting ASHI-related assets and liabilities directly on the statement of financial position, rather than solely through accompanying notes to the financial statements, subject to compliance with International Public Sector Accounting Standards (IPSAS). Given the current misalignment between ASHI assets and liabilities, management is also considering, in consultation with WHO, a temporary contribution holiday for the organization's share of ASHI contributions.

With regard to property-related reserves, the leasing of a significant portion of the Geneva building to other United Nations organizations has strengthened the long-term sustainability of the facility. Based on current assessments, management considers the existing Building Renovation Fund sufficient to meet anticipated future maintenance requirements and therefore does not intend to allocate additional resources to this fund at the moment.

Overall, the Joint Programme has made substantial progress in transitioning to the revised operating model while maintaining a certain level of financial stability during an exceptionally challenging period of organizational transformation. Continued donor support and the full realization of pledged contributions will remain critical to ensuring the successful completion of the transition and the sustainable implementation of the 2026 Workplan and Budget, as well as the further transition efforts in 2027.

## Introduction

1. This document presents interim financial management information for the period from 1 January 2026 to 30 April 2026. The presentation at the 58<sup>th</sup> meeting of the Programme Coordinating Board will include financial information up to 31 May 2026. The accounts and operations of UNAIDS are subject to continuous examination and review by both internal and external auditors of WHO. The 2026 financial report and audited financial statements will be submitted to the PCB in June 2027.

## The Unified Budget, Results and Accountability Framework for the year 2026

### Approved Budget and Workplan

2. The 2022–2026 Unified Budget, Results and Accountability Framework (UBRAF), approved by the Board at a Special Session in October 2021, continues to serve as the operational framework guiding the contribution of the Joint United Nations Programme on HIV/AIDS (UNAIDS) to the implementation of the Global AIDS Strategy.

3. The 2022–2026 UBRAF remains focused to further leverage the strengths, capacities, and comparative advantages of the Joint Programme to support countries and communities to reduce the inequalities that undermine service access and utilization, leave people living with HIV, at risk of, or affected by HIV, behind, and drive the AIDS epidemic.
4. The 2024-2025 Workplan and Budget, representing the second biennium under the 2022–2026 UBRAF, operationalized the strategic priorities and results framework agreed by the Programme Coordinating Board. As implementation progressed through 2025, the Joint Programme continued to align resources and capacities towards the 10 UBRAF result areas at output level, while adapting delivery modalities and prioritization approaches in response to evolving funding realities and emerging country needs.
5. At its 52<sup>nd</sup> meeting in June 2023, the Programme Coordinating Board approved the 2024–2025 core budget and the budget allocation of the Cosponsors and the Secretariat at a base level of US\$ 187 million per annum up to a threshold of US\$ 210 million per annum. Subsequently, at its 53<sup>rd</sup> meeting, the Programme Coordinating Board took note of the prioritization agreed by the Secretariat and the Cosponsors in response to a projected reduced core funding level of US\$ 160 million.
6. In 2025, the Joint Programme faced further financial pressures following notifications received in 2024 regarding additional reductions in donor contributions. As a result, the revised 2025 operating budget for the Joint Programme was agreed at the reduced level of US\$150 million. It is comprised of an annual allocation of US\$120 million to resource the UNAIDS Secretariat to deliver its functions and an annual allocation of US\$30 million for Cosponsors' in catalytic funding for core global services and country envelopes. The annual allocation for 2025 assumed that US Government annual contribution for 2025 is secured. However, following the termination notice received in February 2025, from the US Government, UNAIDS' largest donor, the projected USG core contribution of US\$ 50 million for 2025 was not secured. This constrained the Secretariat's ability to transfer the originally planned allocations to Cosponsors for 2025.
7. The PCB endorsed the revised operating model at the June 2025 PCB meeting and at its special PCB session in October 2025, approved a core unrestricted contributions budget of US\$63 million under Scenario One. This budget includes US\$60 million for the Secretariat and US\$3 million allocation for the six lead cosponsors.

### **Funds made available for the year 2026**

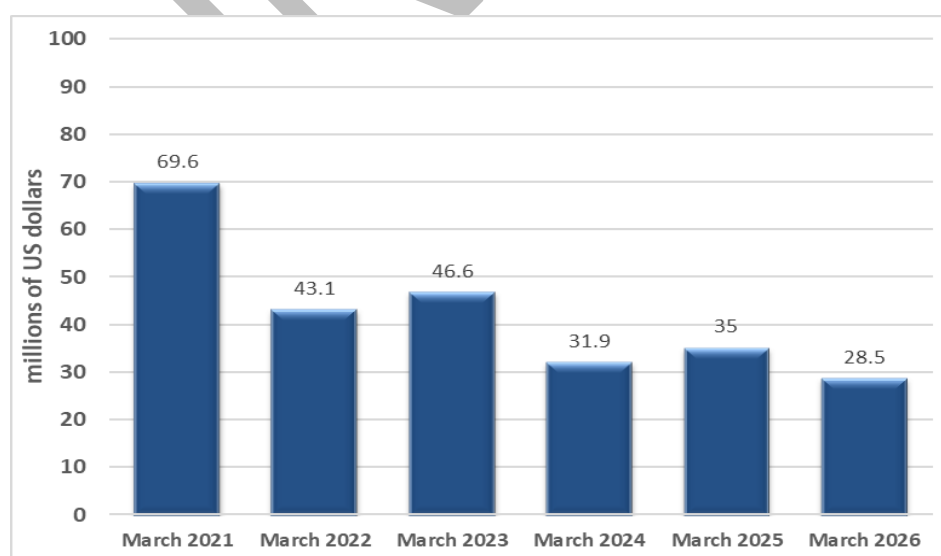
8. During the period under review income totaling US\$ 40.8 million from nine governments was made available towards year 2026 of the Unified Budget, Results and Accountability Framework. Table 1 provides the details of revenue attributed towards the 2026 core Unified Budget, Results and Accountability Framework during the period 1 January 2026 to 30 April 2026. Please note, that the contributions from programme countries Algeria, Cote d'Ivoire and the Philippines are core specified contributions supporting UNAIDS programmes in those countries. The contribution for Monaco includes US\$ 144,000 (EUR 120,000) core specified/earmarked for South Africa.

**Table 1. Unified Budget, Results and Accountability Framework—details of core income for the period 1 January 2026 to 30 April 2026 (in US dollars)**

Voluntary contributions	Funds made available towards 2026 UBRAF Core funds
<b>Governments</b>	
Algeria	30 000
Belgium	3 436 426
Cote d'Ivoire	1 500 000
Denmark	6 133 088
Luxembourg	2 778 079
Monaco	179 641
Netherlands	21 089 224
Philippines	220 000
United Kingdom of Great Britain & Northern Ireland	5 464 481
<b>TOTAL</b>	<b>40 830 939</b>

9. *Figure 1* below compares the funds made available by 31 March of each year towards the Unified Budget, Results and Accountability Framework for the years 2021 to 2026. The funds were made available by 31 March of each year of the biennium. A total amount of US\$ 28.5 million has been made available for 2026 under the 2026 core Unified Budget, Results and Accountability Framework. US\$1.9 million is core specified and US\$26.6 million is core unspecified representing 42.2% of the annual approved core unspecified budget of US\$ 63 million. This is comparable to the amount made available during the same period in 2024 and 2025 but remains significantly lower than the contributions in quarter one in the previous four years.

**Figure 1. Comparison of core income made available as at 31 March of each year towards the Unified Budget, Results and Accountability Framework from 2021 to 2026 (millions of US dollars)**



10. During the period under review, an amount of US\$ 19.6 million has been made available towards the non-core UBRAF resources to provide support to several global, regional and country activities that are designated for specific countries or purposes. Annex I provides the details of revenue attributed towards the 2026 non-core Unified Budget, Results and Accountability Framework received during the period 1 January 2026 to 30 April 2026.

### **Financial outlook 2027**

11. UNAIDS continues to actively engage with new and existing donors and advocate for core and non-core resources for 2027. We are particularly grateful to the donors including Australia, Belgium, China, Denmark, the Netherlands and the United Kingdom that have already signed agreements or committed funding for 2027 or beyond. This demonstrates their ongoing commitment to the Joint Programme and their support for a responsible, Board-led transition. In 2026, UNAIDS mobilized additional core-specified funding from programme countries (Algeria, Cote d'Ivoire and the Philippines). UNAIDS also continues to mobilize funds from programme countries' Global Fund grants. We expect to build on this momentum and mobilize additional resources from programme countries in 2027. UNAIDS has strengthened its partnerships with foundations and expects to continue receiving funding from foundations in 2027. UNAIDS expects to receive further donor commitments for 2027 core funding once plans for organizational transition are further advanced. The work of the UNAIDS PCB working group on the integration of UNAIDS into the UN System and beyond is well underway, with initial draft recommendations on the future of the UN mandate on HIV being presented at the 58th meeting of the PCB.
12. UNAIDS appreciates donors that have already paid their full 2026 contributions, in particular those that paid early on their 2026 pledges. These include The Netherlands, Denmark and The United Kingdom. It urges remaining donors to disburse their full contributions for 2026 as soon as possible. Additional funding is essential to deliver the Joint Programme's 2026 workplan objectives considering rising needs and recent declines in contributions. UNAIDS also appeals for 2027 pledges to support effective planning and programme implementation during this critical transition period.

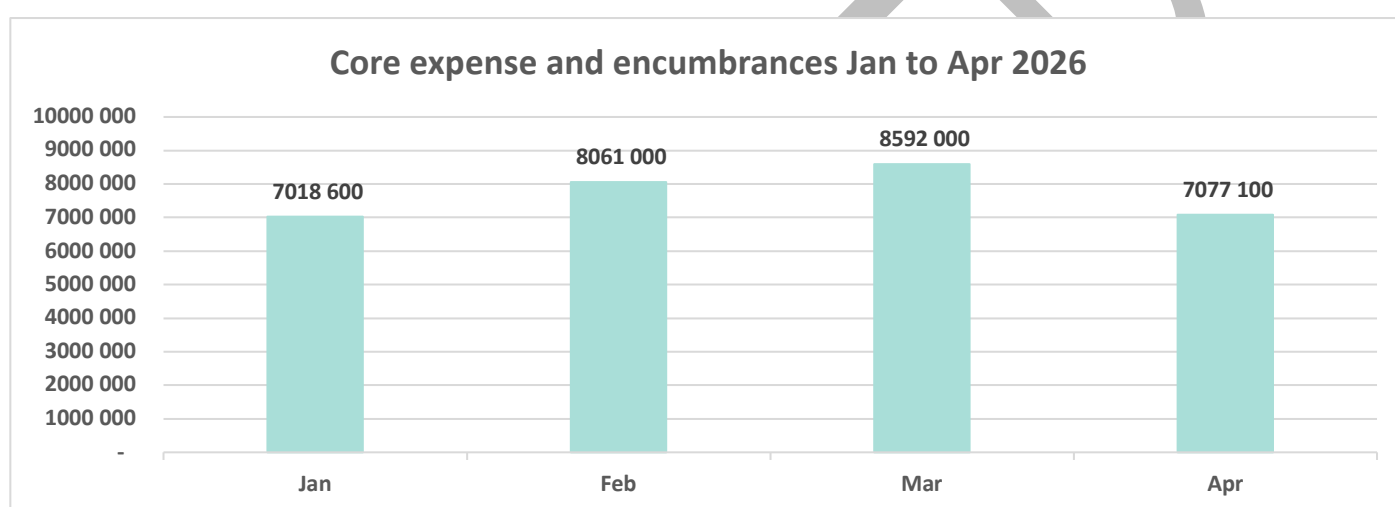
### **Funds expended and encumbered under the 2026 Unified Budget, Results and Accountability Framework (UBRAF)**

13. During the period 1 January to 30 April 2026, the total estimated expenses and encumbrances amounting to US\$ 30.7 million were incurred against the approved core unspecified budget of US\$ 63 million for the year 2026, representing a consumption rate of 48.7%. With further offboarding of staff in May and June 2026, the budget consumption rate will go down as staff costs will reduce from July 2026. The budget consumption to the end of April 2026 includes actual costs for January 2026, and estimated staff costs from February 2026 to April 2026 based on the January actual costs. The use of estimated costs is attributable to delays in the processing of payroll expenses for February to April to awards/grants by WHO. This is one of the many challenges encountered following the implementation of the Business Management System.
14. The total expense and encumbrance for the implementation of the activities contained in the Unified Budget, Results and Accountability Framework for 2026 are distributed as follows:

- For Secretariat, US\$ 28.8 million are expenses incurred and US\$ 1.9 million are encumbrances, representing total implementation of US\$ 30.7 million and an overall financial implementation rate of 51.2%.
- Transfers to Cosponsors: The first tranche of US\$ 1.5 million of the US\$ 3 million 2026 allocation to cosponsors was processed in May 2026 following the receipt of unspecified core contributions above the threshold of US\$30 million in April 2026 as agreed to by PCB.

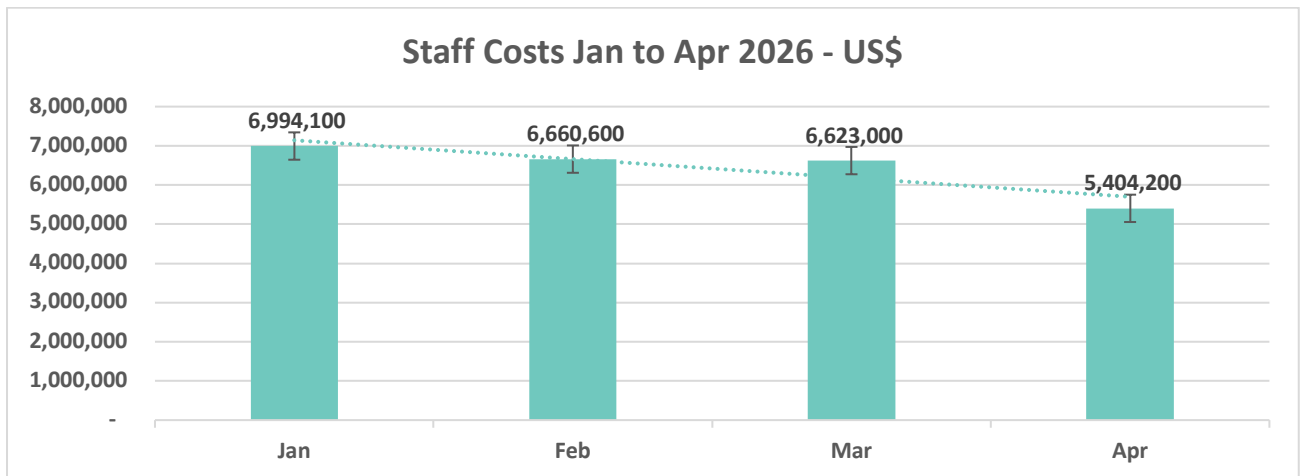
15. *Figure 2* provides details of the 2026 Unified Budget, Results and Accountability Framework approved core budget baseline, expense, and encumbrance, broken down by result areas and the Secretariat core functions for the period 1 January 2026 to 30 April 2026.

**Figure 2. Core expense and encumbrances for the period 1 January 2026 to 30 April 2026** (in US dollars)



16. Total expenses for January were US\$7.0 million, which were mainly Staff costs of US\$7.0 million. Activities and Operations expenses were minimal at US\$3K and US\$22K respectively, reflecting limited programme and operations activity in the month. This was mainly due to funds not being available for spending in the awards/grants following the rolling out of the new Business Management system by WHO.
17. Total expenses for February were US\$8.1 million, mainly driven by estimated Staff costs of US\$6.7 million. Operation expenditure increased to US\$1.3 million, reflecting higher operational and programme implementation activities, while Activities expenditure amounted to US\$0.2 million.
18. In March, expenses were US\$8.6 million, with Staff costs of US\$6.6 million. Activities expenses of US\$1.1 million, indicating intensified programme implementation and Operations expenses of US\$0.8 million.
19. Total expenses for April were US\$7.1 million showing a decrease of US\$1.5 million compared to March 2026. This is largely due to lower Staff costs of US\$5.4 million after the offboarding staff as part of the implementation of restructuring decisions. Activities and Operations expenses were US\$0.8 million and US\$0.9 million, respectively. Figure 3 below shows the staff costs for period from January to April 2026.

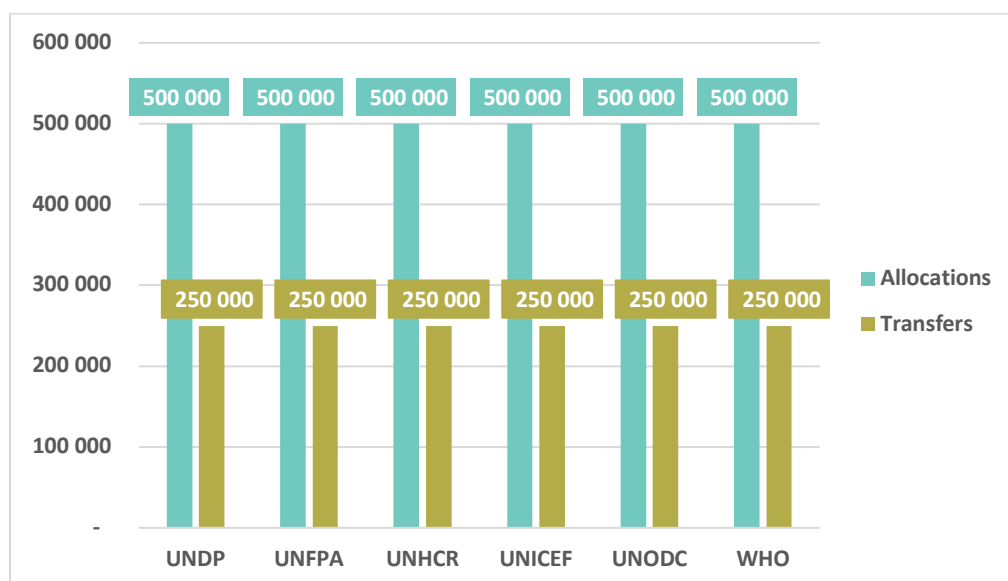
**Figure 3**



*Funds transferred and encumbered to Cosponsors*

20. The 2026 budget of the Joint Programme was developed in the context of an increasingly unpredictable funding environment and reflects the resources required to implement the priorities and results outlined in the 2026 Workplan and Budget.
21. The approved core unspecified budget for 2026 includes two funding scenarios of US\$ 63 million and US\$80 million. Under the US\$63 million base budget, US\$3 million would be allocated to “lead” Cosponsors and US\$ 60 million to the Secretariat.
22. The first tranche of US\$ 250,000 to each Lead Cosponsor was processed during the second quarter of 2026, following receipt of core unrestricted contributions of US\$ 30 million, the funding threshold agreed by the PCB. A second tranche will be processed once the funding threshold of US\$ 50 million in core unspecified funds is reached. Donors are requested to release funds towards their pledges to enable the Secretariat to make further transfers.
23. There are no country envelopes for 2026, as the approved 2026 resource allocation model includes only core global funds for Cosponsors.
24. Figure 4 provides details on the 2026 funds allocated and transfers to each Cosponsor.

**Figure 4. 2026 Global Core Budget allocations and transfers to Cosponsors - May 2026**



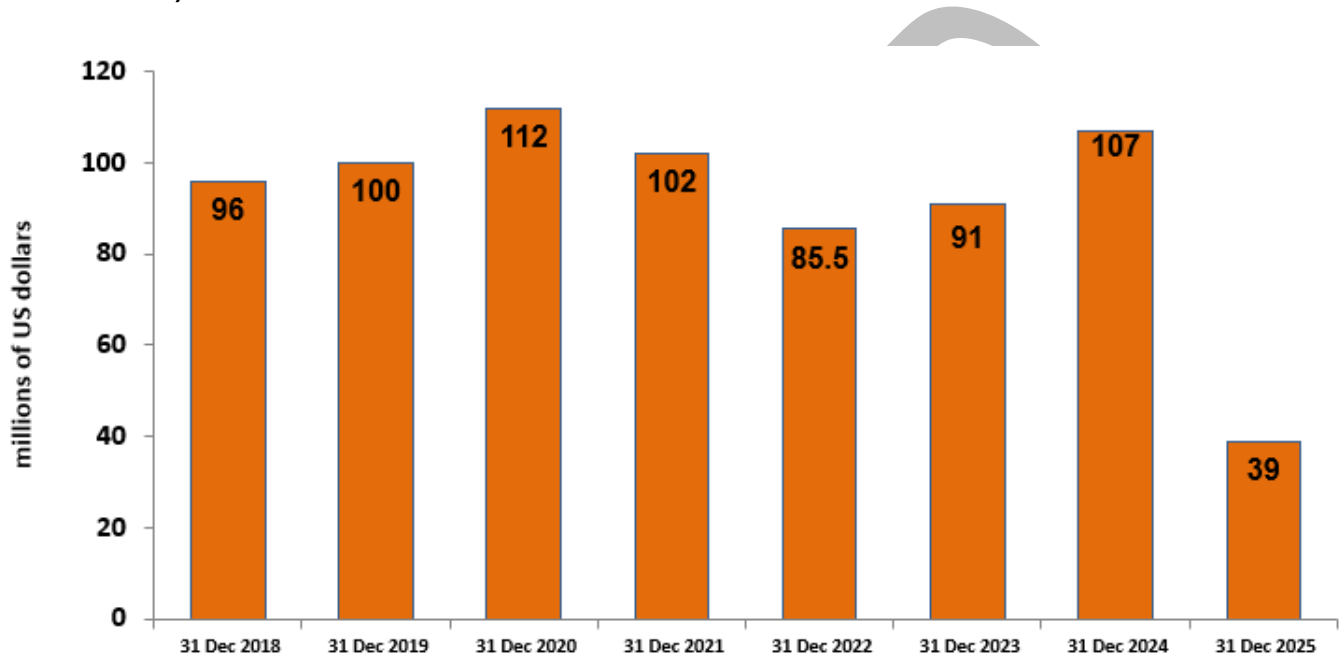
### Fund balance

25. The nature of UNAIDS as a voluntary funded programme requires a fund balance which serves as a working capital to initiate and implement activities pending receipt of firm pledges/contributions. To ensure continuity of activities from one year to the next, including allocating funding to Cosponsors, a sufficient fund balance at the end of each year is necessary to ensure the smooth start up and implementation of the Unified Budget, Results and Accountability Framework in the following year/biennium.
26. At its 26<sup>th</sup> meeting, held in Geneva from 22–24 June 2010, the PCB approved a maximum level for the UBRAF net fund balance, set at 35% of the UNAIDS biennial budget. Subsequently, during its 36<sup>th</sup> meeting, held in Geneva from 30 June to 2 July 2015, the Board approved a minimum level for the net fund balance, equivalent to 22% of the biennial budget. Recently, at its 54<sup>th</sup> meeting, held in Geneva from 25 – 27 June 2024, the board reaffirmed decision point 7.7 from its 36<sup>th</sup> meeting, maintaining the minimum UBRAF net fund balance at 22% of the biennial budget.
27. As at 31 December 2025, the net fund balance of the UBRAF stood at US\$ 39 million (compared to US\$ 107 million at 31 December 2024). This is US\$11.3 million above the minimum level of US\$ 27.7 million representing 22% of the biennial budget of US\$ 126 million (2026 budget of US\$63 million x2) as reaffirmed by PCB in June 2024. The US\$ 39 million net fund balance includes US\$ 15 million transferred from the Operating Reserve Fund to cover restructuring costs associated with the move to the revised operating model, endorsed by the Board.
28. The Programme Coordinating Board is requested to take note of the information contained in the Interim Financial Management Update for the year 2026 for the period 1 January 2026 to 30 April 2026 and to encourage donor governments and others to pay their contributions towards the Unified Budget, Results and Accountability Framework as soon as possible. Donor governments and other donors are also encouraged to make additional payments to support the Joint Programme needs that are not met due to

reduced contributions at a time when support is needed for a responsible transition process of the Joint Programme.

29. The Programme Coordinating Board is also requested to encourage donor governments to make multi-year contributions in 2026 to ensure that the level of the fund balance does not fall below the approved minimum level in order to avoid interruptions in operations and to ensure smooth implementation of the Unified Budget, Results and Accountability Framework into 2027 and beyond.

**Figure 5. Management of the Core fund balance for the years 2018 to 2025 (in millions of US dollars)**



30. To guarantee the continued smooth operations of the Joint Programme, it is imperative to provide contributions to maintain healthy the fund balance and enable paying back US\$15 million to the Operating Reserve Fund that was transferred to the UBRAF Core unrestricted Fund balance following the PCB approval in its PCB56 decision 6.9.

### Staff-related liabilities

31. UNAIDS implemented IPSAS in 2012 and among other requirements, IPSAS requires an entity to recognize, measure and disclose all its liabilities which include staff related liabilities. UNAIDS staff-related liabilities are determined by professional actuaries.
32. At 31 December 2025, the defined benefit obligations determined by professional actuaries based on personnel data and past payments experience provided by WHO stood at US\$ 56.6 million (US\$ 137.4 million as at 31 December 2024) of which US\$ 180.3 million is funded (including incurred-but-not-paid reserve) resulting in net funded liability of US\$ 123.7 million which is reflected in the table below. This represents a net funding position of 318% (108% at 31 December 2024). The significant decrease in the defined benefit liability is mainly due to the revisions to the demographic and financial assumptions and curtailment of estimated benefits due to workforce reduction, following the restructuring at UNAIDS.

**Table 2. Staff-related liabilities as of 31 December 2025** (in millions of US dollars)

	Actuarial requirement end 2025	Accrued end 2025					(Under)/ Over provision
		Funded	Appropriation from UBRAF in 2012	Appropriation from UBRAF in 2013	Appropriation from UBRAF in 2014	Total Accrued	
After Service Health Insurance (ASHI)	56.6	180.3				180.3	123.7
Annual leave	7	9.0	2.2	0.4	0.5	12.1	5.1
Terminal payments	7.8	6.4	3.9	0.8	0.3	11.4	3.6
Special account for compensation	0.1	-	-	0.2	0.2	0.4	0.3
<b>Total</b>	<b>71.5</b>	<b>195.7</b>	<b>6.1</b>	<b>1.4</b>	<b>1.0</b>	<b>204.2</b>	<b>132.7</b>

### Building Renovation Fund

33. At its 30<sup>th</sup> meeting in June 2012, the Programme Coordinating Board endorsed the Executive Director's recommendation to establish a Building Renovation Fund. It also approved the annual replenishment of the fund for an amount equivalent to the accumulated depreciation of the UNAIDS building (or such other amount as might be determined by the Programme Coordinating Board). In line with the decision of the Programme Coordinating Board, the Executive Director has decided to put aside US\$ 0.43 million in 2025 for the Building Renovation Fund, which is the same amount as in the last eight years. As of 31 December 2025, the building renovation fund stood at US\$8.3 million.

### Operating Reserve Fund

34. At its meeting in June 1996 the Programme Coordinating Board recommended the establishment of the Operating Reserve Fund (ORF). The primary purpose of the ORF is to ensure that cash will be available for the financing of the UNAIDS approved biennial budget, pending the receipt of contributions. The advances from the ORF can only be made as a last resort, and only when the carry forward fund, fund balance, and received contributions are insufficient to allow UNAIDS to commit funds within its approved budget.

35. At its sixth meeting in May 1998 the Programme Coordinating Board approved the level of the ORF at US\$ 33 million and endorsed the rules and procedures guiding the use of the ORF by the Executive Director. Furthermore, at its sixteenth meeting in June 2005 the Programme Coordinating Board endorsed the proposed revised level of the ORF of US\$ 35 million.

36. At its 56<sup>th</sup> meeting in June 2025, the Programme Coordinating Board approved the transfer from the operating reserve fund up to a maximum of US\$ 15 million, to cover the immediate financial requirements of the UNAIDS Secretariat restructuring and to replenish such amount by 31<sup>st</sup> December 2027.

37. During the financial year 2025, the ORF was partially reduced by US\$ 15 million following the PCB approval for the Executive Director to use up to US\$ 15 million funds to meet urgent restructuring costs in decision 6.9 of June 2025 at the 56<sup>th</sup> meeting of the PCB. The ORF balance is US\$ 20 million. Additional significant donor contributions will enable the UNAIDS Secretariat to replenish the ORF and also make the second installment to lead-cosponsors in 2026 and ensure that the full US\$ 3 million allocations of catalytic funds to lead cosponsors can be realised through a fully funded US\$ 63 million core budget.

### Proposed Decision Points

#### **The Programme Coordinating Board is invited to:**

38. *Take note* of the interim financial management update for the period 1 January 2026 to 30 April 2026, including the replenishment of the Building Renovation Fund;

## Annex I

### Unified Budget, Results and Accountability Framework—non-core funds details of income for the period 1 January 2026 to 30 April 2026 (in US dollars)

<b>Non-core contributions for the period 01 Jan 2026 to 30 April 2026</b>	
<b>Governments</b>	
Benin (TGF)	115 468
Canada	810 823
China	4 460 026
Laos (TGF)	189 251
Luxembourg	2 521 622
*Netherlands	6 046 512
Nigeria (TGF)	500 000
Sweden	395 960
<b>Sub-total Governments</b>	<b>15 039 662</b>
<b>Cosponsoring Organizations</b>	
UNFPA (Sida)	2 256 976
UNHCR	36 250
<b>Sub-total Cosponsors</b>	<b>2 293 226</b>
<b>Other</b>	
Bill and Melinda Gates Foundation	280 646
MPTF Office	515 400
Pan American Health Organization (PAHO)	1 129 928
Sidaction	118 777
UNOPS (TGF)	259 054
<b>Sub-total</b>	<b>2 303 804</b>
<b>TOTAL</b>	<b>19 636 692</b>

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